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DIRECTOR'S OFFICE
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Felix P. Camacho
Governor
Kaleo S. Moylan
Lieutenant Governor

Lourdes M. Perez
Director
Joseph C. Manibusan
Deputy Director

RECEIVED
JUL 14 2006
DPC DATA-NRMSIR

July 11, 2006

DPC Data Inc.
One Executive Drive
Fort Lee, NJ 07024

RE: Government of Guam's Audited Financial Statements For Fiscal Year Ended September 30, 2005

Dear Sir/Madam:

Hafa Adai! We are pleased to provide you with one (1) copy of the ***Government of Guam's Audited Basic Financial Statements, Additional Information and Independent Auditor's Report,*** and one (1) copy of ***the Single Audit Report*** for Fiscal Year Ended September 30, 2005. These reports can also be viewed at www.guamopa.com.

Should you have any questions relating to this matter, please contact our office at (671) 475-1101/1221.

Si Yu'os Ma'ase!

Sincerely,

Lourdes M Perez

LOURDES M. PEREZ

Enclosures

GOVERNMENT OF GUAM

SINGLE AUDIT REPORTS

YEAR ENDED SEPTEMBER 30, 2005

GOVERNMENT OF GUAM

SINGLE AUDIT REPORTS
YEAR ENDED SEPTEMBER 30, 2005

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED UPON THE AUDIT PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Honorable Felix P. Camacho
Governor
Government of Guam:

We have audited the basic financial statements of the Government of Guam as of and for the year ended September 30, 2005, and have issued our report thereon dated June 9, 2006, which report was qualified due to our inability to audit tax-related balances and to the lack of audited financial statements of the Guam Memorial Hospital Authority (GMHA) – Component Unit. Except as discussed in the preceding sentence, we conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Government of Guam's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Government of Guam's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying Schedule of Findings and Questioned Costs as finding numbers 05-31 through 05-33.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider finding numbers 05-31 and 05-33 to be material weaknesses.

We also noted other matters involving the internal control over financial reporting, which we have reported to management of the Government of Guam in a separate letter dated June 9, 2006.

Member of
Deloitte Touche Tohmatsu

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Government of Guam's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Questioned Costs as finding number 05-30.

We also noted certain immaterial instances of noncompliance that we have reported to management of the Government of Guam in a separate letter dated June 9, 2006.

This report is intended solely for the information and use of the management of the Government of Guam, the Office of the Public Auditor of Guam, federal awarding agencies, pass-through entities and the cognizant audit and other federal agencies and is not intended to be, and should not be, used by anyone other than these specified parties. However, this report is also a matter of public record.

Deloitte & Touche LLP

June 9, 2006

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND INTERNAL CONTROL OVER COMPLIANCE APPLICABLE TO EACH MAJOR FEDERAL AWARD PROGRAM AND ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Honorable Felix P. Camacho
Governor
Government of Guam:

Compliance

We have audited the compliance of the Government of Guam with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended September 30, 2005. The Government of Guam's major federal programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs (pages 29 through 79). Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Government of Guam's management. Our responsibility is to express an opinion on the Government of Guam's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Government of Guam's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Government of Guam's compliance with those requirements.

As described in finding numbers 05-01 through 05-30 in the accompanying Schedule of Findings and Questioned Costs, the Government of Guam did not comply with requirements regarding allowable costs/cost principles; cash management; eligibility; equipment and real property management; period of availability of Federal funds; procurement and suspension and debarment; and special tests and provisions that are applicable to its major federal programs described in the Federal Award Findings and Questioned Cost Section of the accompanying Schedule of Findings and Questioned Costs (page 32). Compliance with such requirements is necessary, in our opinion, for the Government of Guam to comply with requirements applicable to those programs.

In our opinion, except for the noncompliance described in the preceding paragraph, the Government of Guam complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended September 30, 2005.

Member of
Deloitte Touche Tohmatsu

Internal Control Over Compliance

The management of the Government of Guam is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Government of Guam's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

We noted certain matters involving the internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the Government of Guam's ability to administer a major federal program in accordance with applicable requirements of laws, regulations, contracts, and grants. Reportable conditions are described in the accompanying Schedule of Findings and Questioned Costs as finding numbers 05-01 through 05-30.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider finding numbers 05-04, 05-05, 05-09, 05-15, 05-19, 05-23, 05-27, 05-29 and 05-30 to be material weaknesses.

Schedule of Expenditures of Federal Awards

We have audited the basic financial statements of the Government of Guam as of and for the year ended September 30, 2005, and have issued our report thereon dated June 9, 2006, which report was qualified due to our inability to audit tax-related balances and to the lack of audited financial statements of the Guam Memorial Hospital Authority (GMHA) – Component Unit. Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying Schedule of Expenditures of Federal Awards (pages 5 through 23) is presented for the purpose of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. This schedule is the responsibility of the management of the Government of Guam. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects when considered in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the management of the Government of Guam, the Office of the Public Auditor of Guam, federal awarding agencies, pass-through entities and the cognizant audit and other federal agencies and is not intended to be, and should not be, used by anyone other than these specified parties. However, this report is also a matter of public record.

Deloitte & Touche LLP

June 9, 2006

GOVERNMENT OF GUAM

Summary of Schedule of Expenditures of Federal Awards, by Grantor
Year Ended September 30, 2005

Agency/Program	Accrued (Deferred) Balance at September 30, 2004	Cash Receipts and Adjustments	Federal Expenditures	Accrued (Deferred) Balance at September 30, 2005
U.S. Department of Agriculture	$ 757,292	$ 66,929,672	$ 63,161,789	$ (3,010,591)
U.S. Department of Commerce	(66,718)	689,733	1,337,760	581,309
U.S. Department of Defense	987,050	1,064,997	1,543,329	1,465,382
U.S. Department of Housing and Urban Development	119,511	143,361	402,304	378,454
U.S. Department of the Interior	2,935,309	20,729,205	20,296,300	2,502,404
U.S. Department of Justice	1,036,153	4,016,842	3,695,409	714,720
U.S. Department of Labor	205,700	3,264,343	5,389,242	2,330,599
U.S. Department of Transportation	1,716,632	4,652,511	4,152,148	1,216,269
National Foundation on the Arts and the Humanities	289,299	269,138	273,904	294,065
U.S. Environmental Protection Agency	654,082	4,364,239	3,088,926	(621,231)
U.S. Department of Energy	206,822	572,754	461,168	95,236
U.S. Department of Education	1,381,063	2,600,882	1,743,852	524,033
U.S. Department of Health and Human Services	5,445,171	32,093,393	32,181,875	5,533,653
Corporation for National and Community Service	(18,991)	368,868	418,476	30,617
Social Security Administration	(3,211)	(3,211)	-	-
U.S. Department of Homeland Security	(6,419,453)	15,785,848	16,368,637	(5,836,664)
GRAND TOTAL	$ 9,225,711	$ 157,542,575	$ 154,515,119	$ 6,198,255

Note: All awards are received direct from the Federal agency.

See accompanying notes to Schedule of Expenditures of Federal Awards.

GOVERNMENT OF GUAM

Schedule of Expenditures of Federal Awards
Year Ended September 30, 2005

CFDA#	Agency/Program	Accrued (Deferred) Balance at September 30, 2004	Cash Receipts and Adjustments	Federal Expenditures	Accrued (Deferred) Balance at September 30, 2005	Amounts Passed Through to Subrecipients by Major Programs
	U.S. DEPARTMENT OF AGRICULTURE					
10.025	Plant and Animal Disease, Pest Control, and Animal Care	$ (4,570)	$ (4,701)	$ -	$ 131	
10.551	Food Stamps	-	53,633,227	53,633,227	-	$ 0
10.552	Special Food Service Program for Children	80,214	-	-	80,214	
10.557	Special Supplemental Food Program for Women, Infants and Children	1,764,955	7,304,924	6,811,607	1,271,638	
10.560	State Administrative Expenses for Child Nutrition	-	358,003	-	(358,003)	
10.561	State Administrative Matching Grant for Food Stamp Program	(1,345,944)	5,419,581	1,869,579	(4,895,946)	$ 0
10.570	Nutrition Services Incentive	-	-	-	-	
10.572	WIC Farmers' Market Nutrition Program (FMNP)	34,054	4,687	77,585	106,952	
10.664	Cooperative Forestry Assistance	215,075	178,325	749,827	786,577	
10.766	Community Facilities Loans and Grants	-	18,889	14,892	(3,997)	
10.950	Agricultural Statistics Reports	13,508	15,750	5,072	2,830	
10.960	Technical Agricultural Assistance	-	987	-	(987)	
	U.S. DEPARTMENT OF AGRICULTURE TOTAL	$ 757,292	$ 66,929,672	$ 63,161,789	$ (3,010,591)	

See accompanying notes to Schedule of Expenditures of Federal Awards.

GOVERNMENT OF GUAM

Schedule of Expenditures of Federal Awards
Year Ended September 30, 2005

CFDA#	Agency/Program	Accrued (Deferred) Balance at September 30, 2004	Cash Receipts and Adjustments	Federal Expenditures	Accrued (Deferred) Balance at September 30, 2005	Amounts Passed Through to Subrecipients by Major Programs
	U.S. DEPARTMENT OF COMMERCE					
11.002	Census Customer Services	$ 11,304	$ 13,457	$ 19,561	$ 17,408	
11.004	Census Intergovernmental Services	-	1,102	-	(1,102)	
11.300	Grants for Public Works and Economic Development Facilities	-	13,867	-	(13,867)	
11.307	Economic Adjustment Assistance	99,499	-	-	99,499	
11.407	Interjurisdictional Fisheries Act of 1986	6,716	4,218	13,654	16,152	
11.419	Coastal Zone Management Administration Awards	(33,217)	657,510	1,010,488	319,761	$ 157,983
11.426	Financial Assistance for National Centers for Coastal Ocean Science	(55,908)	58,149	147,685	33,628	
11.427	Fisheries Development and Utilization Research and Development Grants and Cooperative Agreements Program	-	4,692	-	(4,692)	
11.437	Pacific Fisheries Data Program	(95,112)	(80,484)	92,536	77,908	
11.454	Unallied Management Projects	-	17,222	40,439	23,217	
11.463	Pacific Fisheries Data Program	-	-	13,397	13,397	
	U.S. DEPARTMENT OF COMMERCE TOTAL	$ (66,718)	$ 689,733	$ 1,337,760	$ 581,309	

See accompanying notes to Schedule of Expenditures of Federal Awards.

GOVERNMENT OF GUAM

Schedule of Expenditures of Federal Awards
Year Ended September 30, 2005

CFDA#	Agency/Program	Accrued (Deferred) Balance at September 30, 2004	Cash Receipts and Adjustments	Federal Expenditures	Accrued (Deferred) Balance at September 30, 2005
	U.S. DEPARTMENT OF DEFENSE				
12.110	Planning Assistance to States	$ -	$ 158,735	$ -	$ (158,735)
12.113	State Memorandum of Agreement Program for the Reimbursement of Technical Services (DSMOA)	113,177	208,585	69,438	(25,970)
12.401	National Guard Military Operations and Maintenance (O&M) Projects	873,873	697,677	1,473,891	1,650,087
	U.S. DEPARTMENT OF DEFENSE TOTAL	$ 987,050	$ 1,064,997	$ 1,543,329	$ 1,465,382

See accompanying notes to Schedule of Expenditures of Federal Awards.

GOVERNMENT OF GUAM

Schedule of Expenditures of Federal Awards
Year Ended September 30, 2005

CFDA#	Agency/Program	Accrued (Deferred) Balance at September 30, 2004	Cash Receipts and Adjustments	Federal Expenditures	Accrued (Deferred) Balance at September 30, 2005
	U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
14.235	Supportive Housing Program	$ 119,511	$ 142,874	$ 402,304	$ 378,941
14.854	Public and Indian Housing Drug Elimination Program	-	487	-	(487)
	U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT TOTAL	$ 119,511	$ 143,361	$ 402,304	$ 378,454

See accompanying notes to Schedule of Expenditures of Federal Awards.

GOVERNMENT OF GUAM

Schedule of Expenditures of Federal Awards
Year Ended September 30, 2005

CFDA#	Agency/Program	Accrued (Deferred) Balance at September 30, 2004	Cash Receipts and Adjustments	Federal Expenditures	Accrued (Deferred) Balance at September 30, 2005	Amounts Passed Through to Subrecipients by Major Programs
	U.S. DEPARTMENT OF THE INTERIOR					
15.601	Animal Damage Control	$ 73,405	$ 73,405	$ -	$ -	
15.605	Sport Fish Restoration	96,414	714,664	655,648	37,398	
15.611	Wildlife Restoration	28,337	211,559	192,882	9,660	
15.612	Endangered Species Conservation	137,055	205,014	58,764	(9,195)	
15.615	Cooperative Endangered Species Conservation Fund	24,588	346,455	375,284	53,417	
15.622	Sportfishing and Boating Safety Act	-	(1,952)	-	1,952	
15.625	Wildlife Conservation and Restoration	(50,635)	(50,635)	-	-	
15.634	State Wildlife Grants	-	145,576	173,251	27,675	
15.875	Economic, Social, and Political Development of the Territories	2,415,952	18,665,833	18,489,722	2,239,841	$ 8,264,263
15.904	Historic Preservation Fund Grants-In-Aid	210,193	419,286	299,018	89,925	
15.916	Outdoor Recreation-Acquisition, Development and Planning	-	-	51,731	51,731	
	U.S. DEPARTMENT OF THE INTERIOR TOTAL	$ 2,935,309	$ 20,729,205	$ 20,296,300	$ 2,502,404	

See accompanying notes to Schedule of Expenditures of Federal Awards.

GOVERNMENT OF GUAM

Schedule of Expenditures of Federal Awards
Year Ended September 30, 2005

CFDA#	Agency/Program	Accrued (Deferred) Balance at September 30, 2004	Cash Receipts and Adjustments	Federal Expenditures	Accrued (Deferred) Balance at September 30, 2005
	U.S. DEPARTMENT OF JUSTICE				
16.523	Juvenile Accountability Incentive Block Grants	$ (9,466)	$ 680,172	$ 652,490	$ (37,148)
16.540	Juvenile Justice and Delinquency Prevention-Allocation to States	-	(49,120)	-	49,120
16.541	Developing, Testing and Demonstrating Promising New Programs	69,163	245,387	151,104	(25,120)
16.547	Victims of Child Abuse	4,862	4,862	-	-
16.548	Title V - Delinquency Prevention Program	4,608	8,428	11,407	7,587
16.549	Part E - State Challenge Activities	(85)	13,031	17,908	4,792
16.554	National Criminal History Improvement Program (NCHIP)	44,389	193,361	271,021	122,049
16.575	Crime Victim Assistance	92,283	315,282	250,802	27,803
16.576	Crime Victim Compensation	(132)	(106,722)	-	106,590
16.579	Byrne Formula Grant Program	(356,368)	337,005	693,373	-
16.580	Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program	-	156,162	-	(156,162)
16.585	Drug Court Discretionary Grant Program	29,940	127,893	117,343	19,390
16.588	Violence Against Women Formula Grants	40,144	327,033	455,474	168,585
16.589	Rural Domestic Violence and Child Victimization Enforcement Grant Program	10,381	10,265	-	116
16.592	Local Law Enforcement Block Grants Program	(447,484)	(502,795)	299,248	354,559
16.593	Residential Substance Abuse Treatment for State Prisoners	30,278	137,394	138,318	31,202
16.609	Community Prosecution and Project Safe Neighborhoods	4,537	12,575	8,038	-
16.710	Public Safety Partnership and Community Policing Grants	1,519,103	2,106,629	628,883	41,357
	U.S. DEPARTMENT OF JUSTICE TOTAL	$ 1,036,153	$ 4,016,842	$ 3,695,409	$ 714,720

See accompanying notes to Schedule of Expenditures of Federal Awards.

GOVERNMENT OF GUAM

Schedule of Expenditures of Federal Awards
Year Ended September 30, 2005

CFDA#	Agency/Program	Accrued (Deferred) Balance at September 30, 2004	Cash Receipts and Adjustments	Federal Expenditures	Accrued (Deferred) Balance at September 30, 2005	Amounts Passed Through to Subrecipients by Major Programs
	U.S. DEPARTMENT OF LABOR					
17.002	Labor Force Statistics	$ 14,759	$ 45,924	$ 39,393	$ 8,228	
17.005	Compensation and Working Conditions Data	(3,033)	21,532	28,168	3,603	
17.203	Labor Certification for Alien Workers	1,057	36,294	55,033	19,796	
17.207	Employment Service	188,251	486,009	470,616	172,858	
17.235	Senior Community Service Employment Program	(181,315)	617,625	903,253	104,313	
17.250	Job Training Partnership Act	432,293	(1,168,751)	-	1,601,044	$ 0
17.253	Welfare-to-Work Grants to States and Localities	(88,007)	(88,007)	-	-	
17.258	WIA Adult Program	-	901,576	901,576	-	$ 0
17.259	WIA Youth Activities	210,833	576,850	1,089,910	723,893	$ 0
17.260	WIA Dislocated Workers	(388,103)	1,582,846	1,642,174	(328,775)	$ 0
17.504	Consultation Agreements	18,965	252,445	259,119	25,639	
	U.S. DEPARTMENT OF LABOR TOTAL	$ 205,700	$ 3,264,343	$ 5,389,242	$ 2,330,599	

See accompanying notes to Schedule of Expenditures of Federal Awards.

GOVERNMENT OF GUAM

Schedule of Expenditures of Federal Awards
Year Ended September 30, 2005

CFDA#	Agency/Program	Accrued (Deferred) Balance at September 30, 2004	Cash Receipts and Adjustments	Federal Expenditures	Accrued (Deferred) Balance at September 30, 2005	Amounts Passed Through to Subrecipients by Major Programs
	U.S. DEPARTMENT OF TRANSPORTATION					
20.205	Highway Planning & Construction	$ 843,614	$ 3,288,964	$ 3,440,238	$ 994,888	
20.218	Motor Carrier Safety Assistance Program	133,965	248,577	225,589	110,977	
20.509	Formula Grants for Other Than Urbanized Areas	582,939	582,939	-	-	
20.600	State & Community Highway Safety	156,114	532,031	433,140	57,223	$ 122,548
20.703	Interagency Hazardous Materials Public Sector Training and Planning Grants	-	-	53,181	53,181	
	U.S. DEPARTMENT OF TRANSPORTATION TOTAL	$ 1,716,632	$ 4,652,511	$ 4,152,148	$ 1,216,269	

See accompanying notes to Schedule of Expenditures of Federal Awards.

GOVERNMENT OF GUAM

Schedule of Expenditures of Federal Awards
Year Ended September 30, 2005

CFDA#	Agency/Program	Accrued (Deferred) Balance at September 30, 2004	Cash Receipts and Adjustments	Federal Expenditures	Accrued (Deferred) Balance at September 30, 2005
	NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES				
45.025	Promotion of the Arts-Partnership Agreements	$ 82,820	$ 269,138	$ 273,904	$ 87,586
45.310	State Library Program	206,479	-	-	206,479
	NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES TOTAL	$ 289,299	$ 269,138	$ 273,904	$ 294,065

See accompanying notes to Schedule of Expenditures of Federal Awards.

GOVERNMENT OF GUAM

Schedule of Expenditures of Federal Awards
Year Ended September 30, 2005

CFDA#	Agency/Program	Accrued (Deferred) Balance at September 30, 2004	Cash Receipts and Adjustments	Federal Expenditures	Accrued (Deferred) Balance at September 30, 2005	Amounts Passed Through to Subrecipients by Major Programs
	U.S. ENVIRONMENTAL PROTECTION AGENCY					
66.600	Environmental Protection Consolidated Grants - Program Support	$ 654,082	$ 4,364,239	$ 3,088,926	$ (621,231)	$ 226,486
	U.S. ENVIRONMENTAL PROTECTION AGENCY TOTAL	$ 654,082	$ 4,364,239	$ 3,088,926	$ (621,231)	

See accompanying notes to Schedule of Expenditures of Federal Awards.

GOVERNMENT OF GUAM

Schedule of Expenditures of Federal Awards
Year Ended September 30, 2005

CFDA#	Agency/Program	Accrued (Deferred) Balance at September 30, 2004	Cash Receipts and Adjustments	Federal Expenditures	Accrued (Deferred) Balance at September 30, 2005
	U.S. DEPARTMENT OF ENERGY				
81.041	State Energy Program	$ 196,008	$ 541,936	$ 419,150	$ 73,222
81.117	Energy Efficiency and Renewable Energy Information Dissemination, Outreach, Training and Technical Analysis/Assistance	-	13,464	14,788	1,324
81.119	State Energy Program Special Projects	10,814	17,354	27,230	20,690
	U.S. DEPARTMENT OF ENERGY TOTAL	$ 206,822	$ 572,754	$ 461,168	$ 95,236

See accompanying notes to Schedule of Expenditures of Federal Awards.

GOVERNMENT OF GUAM

Schedule of Expenditures of Federal Awards
Year Ended September 30, 2005

CFDA#	Agency/Program	Accrued (Deferred) Balance at September 30, 2004	Cash Receipts and Adjustments	Federal Expenditures	Accrued (Deferred) Balance at September 30, 2005	Amounts Passed Through to Subrecipients by Major Programs
	U.S. DEPARTMENT OF EDUCATION					
84.009	Education of Children with Disabilities in State Operated or Supported Schools	$ 111,592	$ -	$ -	$ 111,592	
84.029	Special Education-Personnel Development and Parent Training	-	65	-	(65)	
84.126	Rehabilitation Services-Vocational Rehabilitation Grants to States	740,862	2,509,964	1,470,028	(299,074)	$ 0
84.169	Independent Living - State Grants	50,229	50,993	23,814	23,050	
84.177	Rehabilitation Services - Independent Living Services for Older Individuals Who are Blind	59,910	61,362	8,678	7,226	
84.186	Safe and Drug-Free Schools and Communities - State Grants	429,982	-	191,292	621,274	
84.187	Supported Employment Services for Individuals with Severe Disabilities	994	-	50,040	51,034	
84.265	Rehabilitation Training: State Vocational Rehabilitation Unit In-Service Training	(12,506)	(21,502)	-	8,996	
	U.S. DEPARTMENT OF EDUCATION TOTAL	$ 1,381,063	$ 2,600,882	$ 1,743,852	$ 524,033	

See accompanying notes to Schedule of Expenditures of Federal Awards.

GOVERNMENT OF GUAM

Schedule of Expenditures of Federal Awards
Year Ended September 30, 2005

CFDA#	Agency/Program	Accrued (Deferred) Balance at September 30, 2004	Cash Receipts and Adjustments	Federal Expenditures	Accrued (Deferred) Balance at September 30, 2005	Amounts Passed Through to Subrecipients by Major Programs
	U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES					
93.041	Special Programs for the Aging - Title VII, Chapter 3 - Programs for Prevention of Elder Abuse, Neglect, and Exploitation	$ 22,119	$ 14,334	$ 4,223	$ 12,008	
93.042	Special Programs for the Aging: Title VII, Chapter 2: Long Term Care Ombudsman Services for Older Individuals	1,928	35,334	50,456	17,050	
93.043	Special Programs for the Aging-Title III, Part D-Disease Prevention and Health Promotion Services	51,082	61,767	53,046	42,361	
93.044	Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	(21,089)	1,865,652	1,892,636	5,895	
93.045	Special Programs for the Aging - Title III, Part C - Nutrition Services	661,578	2,624,956	2,145,118	181,740	
93.048	Special Programs for the Aging-Title IV-and Title II-Discretionary Projects	-	3,072	3,072	-	
93.052	Nation Family Caregiver Support Program	-	380,304	380,304	-	
93.053	Nutrition Services Incentive Program	33,748	139,409	143,164	37,503	
93.104	Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED)	291,579	1,222,716	1,223,165	292,028	$ 0
93.110	Maternal and Child Health Federal Consolidated Programs	7,574	34,646	27,523	451	
93.116	Project Grants and Cooperative Agreements for Tuberculosis Control Programs	(54,551)	256,431	332,174	21,192	
93.126	Small Business Innovation Research (NIAAA, NIDA, NIMH)	(11,573)	(11,573)	-	-	
93.127	Emergency Medical Services for Children	(238,153)	(182,339)	62,016	6,202	
93.150	Projects for Assistance in Transition from Homelessness (PATH)	48,196	60,196	44,000	32,000	
93.217	Family Planning - Services	127,611	285,133	346,487	188,965	
93.224	Consolidated Health Centers (Community Health Centers, Migrant Health Centers, Health Care for the Homeless, Public Housing Primary Care, and School Based Health Centers)	647,772	1,681,093	1,033,321	-	
93.234	Traumatic Brain Injury State Demonstration Grant Program	-	3,115	3,865	750	
93.235	Abstinence Education Program	(9,408)	(42,339)	8,814	41,745	
93.243	Substance Abuse and Mental Health Services_Projects of Regional and National Significance	80,156	519,570	516,236	76,822	
	BALANCE FORWARD	$ 1,638,569	$ 8,951,477	$ 8,269,620	$ 956,712	

See accompanying notes to Schedule of Expenditures of Federal Awards.

GOVERNMENT OF GUAM

Schedule of Expenditures of Federal Awards
Year Ended September 30, 2005

CFDA#	Agency/Program	Accrued (Deferred) Balance at September 30, 2004	Cash Receipts and Adjustments	Federal Expenditures	Accrued (Deferred) Balance at September 30, 2005	Amounts Passed Through to Subrecipients by Major Programs
	U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES					
	BALANCE FORWARD	$ 1,638,569	$ 8,951,477	$ 8,269,620	$ 956,712	
93.256	State Planning Grants Health Care Access for the Uninsured	-	118,349	168,430	50,081	
93.259	Rural Access to Emergency Devices Grant	-	36,366	37,270	904	
93.268	Immunization Grants	69,136	636,910	617,589	49,815	
93.283	Centers for Disease Control and Prevention - Investigations and Technical Assistance	(16,047)	679,334	859,755	164,374	$ 0
93.399	Cancer Control	-	11,963	16,665	4,702	
93.556	Promoting Safe and Stable Families	-	150,917	-	(150,917)	
93.558	Temporary Assistance for Needy Families	481,117	2,188,381	2,106,858	399,594	
93.563	Child Support Enforcement	1,172,717	2,237,877	2,735,939	1,670,779	
93.575	Child Care and Development Block Grant	856,994	2,984,999	2,940,340	812,335	
93.597	Grants to States for Access and Visitation Programs	34,416	98,823	69,187	4,780	
93.630	Developmental Disabilities Basic Support and Advocacy Grants	(30,028)	178,610	233,624	24,986	
93.631	Developmental Disabilities Projects of National Significance	(36,669)	(19,669)	17,000	-	
93.667	Social Services Block Grant	84,226	1,895,969	2,074,555	262,812	
93.778	Medical Assistance Program (Medicaid; Title XIX)	1,282,241	9,588,300	8,803,991	497,932	$ 0
93.779	Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	204,880	212,662	302,652	294,870	
93.917	HIV Care Formula Grants	6,223	103,356	107,562	10,429	
93.919	Cooperative Agreements for State-Based Comprehensive Breast and Cervical Cancer Early Detection Programs	117,268	-	-	117,268	
93.928	Special Projects of National Significance	(20,387)	(19,788)	-	(599)	
93.940	HIV Prevention Activities-Health Department Based	171,094	(68,000)	-	239,094	
93.943	Epidemiologic Research Studies of Acquired Immunodeficiency Syndrome (AIDS) and Human Immunodeficiency Virus (HIV) Infection in Selected Population Groups	44,640	491,099	490,360	43,901	
	BALANCE FORWARD	$ 6,060,390	$ 30,457,935	$ 29,851,397	$ 5,453,852	

See accompanying notes to Schedule of Expenditures of Federal Awards.

GOVERNMENT OF GUAM

Schedule of Expenditures of Federal Awards
Year Ended September 30, 2005

CFDA#	Agency/Program	Accrued (Deferred) Balance at September 30, 2004	Cash Receipts and Adjustments	Federal Expenditures	Accrued (Deferred) Balance at September 30, 2005
	U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES BALANCE FORWARD	$ 6,060,390	$ 30,457,935	$ 29,851,397	$ 5,453,852
93.944	Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance	-	-	4,822	4,822
93.945	Assistance Program for Chronic Disease Prevention and Control	(63,577)	(57,667)	5,987	77
93.952	Trauma Care Systems Planning and Development	(463)	3,849	4,312	-
93.958	Block Grants for Community Mental Health Services	(43,435)	97,156	196,822	56,231
93.959	Block Grants for Prevention and Treatment of Substance Abuse	(320,112)	500,988	719,842	(101,258)
93.977	Preventive Health Services - Sexually Transmitted Diseases Control Grants	77,663	83,728	81,753	75,688
93.988	Cooperative Agreements for State-Based Diabetes Control Programs and Evaluation of Surveillance Systems	(140,822)	(13,547)	149,856	22,581
93.991	Preventive Health and Health Services Block Grant	89,259	351,618	297,750	35,391
93.994	Maternal and Child Health Services Block Grant to the States	(213,732)	669,333	869,334	(13,731)
	U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES TOTAL	$ 5,445,171	$ 32,093,393	$ 32,181,875	$ 5,533,653

See accompanying notes to Schedule of Expenditures of Federal Awards.

GOVERNMENT OF GUAM

Schedule of Expenditures of Federal Awards
Year Ended September 30, 2005

CFDA#	Agency/Program	Accrued (Deferred) Balance at September 30, 2004	Cash Receipts and Adjustments	Federal Expenditures	Accrued (Deferred) Balance at September 30, 2005
	CORPORATION FOR NATIONAL AND COMMUNITY SERVICE				
94.006	AmeriCorps	$ (26,817)	$ 361,042	$ 418,476	$ 30,617
94.009	Training and Technical Assistance	7,826	7,826	-	-
	CORPORATION FOR NATIONAL AND COMMUNITY SERVICE TOTAL	$ (18,991)	$ 368,868	$ 418,476	$ 30,617

See accompanying notes to Schedule of Expenditures of Federal Awards.

GOVERNMENT OF GUAM

Schedule of Expenditures of Federal Awards
Year Ended September 30, 2005

CFDA#	Agency/Program	Accrued (Deferred) Balance at September 30, 2004	Cash Receipts and Adjustments	Federal Expenditures	Accrued (Deferred) Balance at September 30, 2005
	SOCIAL SECURITY ADMINISTRATION				
96.001	Social Security - Disability Insurance	$ (3,211)	$ (3,211)	$ -	$ -
	SOCIAL SECURITY ADMINISTRATION TOTAL	$ (3,211)	$ (3,211)	$ -	$ -

See accompanying notes to Schedule of Expenditures of Federal Awards.

GOVERNMENT OF GUAM

Schedule of Expenditures of Federal Awards
Year Ended September 30, 2005

CFDA#	Agency/Program	Accrued (Deferred) Balance at September 30, 2004	Cash Receipts and Adjustments	Federal Expenditures	Accrued (Deferred) Balance at September 30, 2005	Amounts Passed Through to Subrecipients by Major Programs
	U.S. DEPARTMENT OF HOMELAND SECURITY					
97.004	Homeland Security Grant Program	$ 101,967	$ 1,560,350	$ 1,573,934	$ 115,551	$ 0
97.007	Homeland Security Preparedness Technical Assistance	-	7,676	-	(7,676)	
16.008	State and Local Homeland Security Training Program	60,309	60,309	-	-	
20.005	Boating Safety Financial Assistance	471,390	471,390	-	-	
97.012	Boating Safety Financial Assistance	-	(78,890)	194,948	273,838	
97.032	Crisis Counseling	72,706	72,706	-	-	
83.541	Disaster Unemployment Assistance	(36,535)	(36,535)	-	-	
83.542	Fire Suppression Assistance	1,926	1,926	-	-	
83.543	Individual and Family Grants	-	315,681	-	(315,681)	
83.544	Public Assistance Grants	(7,548,702)	10,797,956	11,654,358	(6,692,300)	
83.548	Hazard Mitigation Grant	7,585	7,585	-	-	
97.039	Hazard Mitigation Grant	-	1,552,548	2,046,296	493,748	
83.552	Emergency Management Performance Grants	423,886	423,886	-	-	
97.042	Emergency Management Performance Grants	-	(2,906)	153,451	156,357	
97.041	National Dam Safety Program	-	(1,926)	-	1,926	
97.047	Pre-Disaster Mitigation	-	24,484	62,120	37,636	
97.051	State and Local All Hazards Emergency Operations Planning	(16,515)	(16,515)	-	-	
83.563	Emergency Operations Centers	4,513	4,513	-	-	
97.052	Emergency Operations Centers	36,555	299,974	284,111	20,692	
83.564	Citizen Corps	1,462	1,462	-	-	
97.053	Citizen Corps	-	(26,640)	-	26,640	
97.067	Homeland Security Grant Program	-	346,814	399,419	52,605	$ 0
	U.S. DEPARTMENT OF HOMELAND SECURITY TOTAL	(6,419,453)	15,785,848	16,368,637	(5,836,664)	
	GRAND TOTAL	$ 9,225,711	$ 157,542,575	$ 154,515,119	$ 6,198,255	

Note: Effective March 1, 2003, certain programs became part of the Department of Homeland Security (CFDA number prefix of 97). However, since funding periods may not coincide with the change in CFDA number, the legacy agency's corresponding CFDA number is presented separately.

See accompanying notes to Schedule of Expenditures of Federal Awards.

1. Scope of Audit:

The Government of Guam is a governmental entity established by the 1950 Organic Act of Guam, as amended, and has the powers of a body corporate, as defined in the act and local statutes. All significant operations of the Government of Guam are included within the scope of the audit. The U.S. Department of Health and Human Services has been designated as the Government of Guam's cognizant agency for the Single Audit.

Programs Subject to Single Audit:

The Schedule of Expenditures of Federal Awards presents each Federal program related to the following agencies:

Corporation for National and Community Service
U.S. Department of Agriculture
U.S. Department of Commerce
U.S. Department of Defense
U.S. Department of Education
U.S. Department of Energy
U.S. Department of Health and Human Services
U.S. Department of Homeland Security
U.S. Department of Housing and Urban Development
U.S. Department of the Interior
U.S. Department of Justice
U.S. Department of Labor
U.S. Department of Transportation
U.S. Environmental Protection Agency
National Foundation on the Arts and the Humanities
Social Security Administration

2. Summary of Significant Accounting Policies:

a. Basis of Accounting:

For the purposes of this report, cash receipts relate to all cash derived from the federal agencies for programs within the Catalog of Federal Domestic Assistance. Also, cash receipts include adjustments from the Government of Guam. Cash receipts do not include receipts related to program income. The Government of Guam has not allocated interest income that may have been earned in part from cash received from federal programs. Indirect costs claimed by the Government of Guam from federal agencies are deducted from cash receipts and reimbursements.

All expenditures and capital outlays that represent the federal share are reported as expenditures. Expenditures are recognized on the modified accrual basis of accounting, consistent with the manner in which the Government of Guam maintains its accounting records. This includes earned reimbursements under different formula grants and entitlement programs that are accounted for as revenues in the General Fund of the Government of Guam and food stamps electronic benefits transfer (EBT) during the period.

2. Summary of Significant Accounting Policies, Continued:

b. Subgrants:

Certain program funds are passed through the Government of Guam to subrecipient organizations. The Schedule of Expenditures of Federal Awards does not contain separate schedules disclosing how the subrecipient outside of the Government of Guam's control utilized the funds. Federal awards provided to subrecipients are treated as expenditures when paid to the subrecipient. In the Schedule of Expenditures of Federal Awards, the Government of Guam has identified the total amount provided to subrecipients from each Type A program and from each Type B program which is audited as a major program.

c. Cost Allocation:

The Government of Guam has a plan for allocation of common costs related to public health and social services federal awards programs. The amounts allocated to 2005 grant programs are based on 2005 actual expenditures and caseloads.

For FY 2005, there is no approved indirect cost negotiation agreement.

3. Reporting Entity:

The Government of Guam, for the purposes of the Schedule of Expenditures of Federal Awards, includes all the funds of the primary government as defined by GASB 14. It does not include the following component units of the Government of Guam:

- Government of Guam Retirement Fund
- Guam Community College
- Guam Economic Development and Commerce Authority
- Guam Educational Telecommunications Corporation
- Guam Housing and Urban Renewal Authority
- Guam Housing Corporation
- Guam International Airport Authority
- Guam Memorial Hospital Authority
- Guam Power Authority
- Guam Rental Corporation
- Guam Telephone Authority
- Guam Visitors Bureau
- Guam Waterworks Authority
- Port Authority of Guam
- University of Guam

These component units may receive federal awards. If awards are expended, these entities separately satisfy the audit requirements if applicable.

Also, for the purposes of the Schedule of Expenditures of Federal Awards, it does not include the Guam Public School System, a component of the Government of Guam's General Fund, which separately satisfies the audit requirements.

Notes to Schedule of Expenditures of Federal Awards
Year Ended September 30, 2005

3. Reporting Entity, Continued:

The Government of Guam administers certain federal awards programs through subrecipients. Those subrecipients are also not considered part of the Government of Guam reporting entity.

4. Noncash Awards:

Certain federal awards programs do not involve cash awards to the Government of Guam. These programs generally could include donated commodities, insurance, food stamps EBT payments, and loans. For the year ended September 30, 2005, the Government of Guam had the following noncash award:

U.S. Department of Agriculture Food Stamps CFDA #10.551	
Food Stamps EBT benefit payments	$ 53,633,227
Total Food Stamps EBT payments reported on the Schedule of Expenditures of Federal Awards	$ 53,633,227

GOVERNMENT OF GUAM

Schedule of Major Federal Award Programs
Year Ended September 30, 2005

The following lists specific grants selected for detailed compliance testing in accordance with OMB Circular A-133 requirements.

Grantor	CFDA #	Program Name	Fiscal Year 2005 Expenditures
U.S. Department of Agriculture	10.551	Food Stamps	$ 53,633,227
	10.561	State Administrative Matching Grants for Food Stamp Program	1,869,579
U.S. Department of Commerce	11.419	Coastal Zone Management Administration Awards	1,010,488
U.S. Department of the Interior	15.875	Economic, Social and Political Development of the Territories	18,489,722
U.S. Department of Labor	17.258	WIA Adult Program	901,576
	17.259	WIA Youth Activities	1,089,910
	17.260	WIA Dislocated Workers	1,642,174
U.S. Department of Transportation	20.600	State & Community Highway Safety	433,140
U.S. Environmental Protection Agency	66.600	Environmental Protection Consolidated Grants: Program Support	3,088,926
U.S. Department of Education	84.126	Rehabilitation Services – Vocational Rehabilitation Grants to States	1,470,028
U.S. Department of Health and Human Services	93.104	Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED)	1,223,165
	93.283	Centers for Disease Control and Prevention - Investigations and Technical Assistance	859,755
	93.778	Medical Assistance Program (Medicaid)	8,803,991
U.S. Department of Homeland Security	97.004	Homeland Security Grant Program	1,573,934
	97.067	Homeland Security Grant Program	399,419
Total Federal Programs selected for audit			$ 96,489,034
Total Federal Awards program expenditures			$154,515,119
Percentage of Federal Awards Programs tested			62%

GOVERNMENT OF GUAM

Reconciliation of Schedule of Expenditures of Federal Awards to
Basic Financial Statements
Year Ended September 30, 2005

		Fiscal Year 2005 Expenditures
Federal contributions, as reported in the 2005 financial statements:		
Federal grants assistance fund, expenditures, transfers, and other uses		$ 123,851,452
Less local match		(25,776,720)
Federal expenditures, transfers, and other uses		98,074,732
CFDA #		
10.551	Food Stamps	53,633,227
93.224	Consolidated Health Centers (Community Health Centers, Migrant Health Centers, Health Care for the Homeless, Public Housing Primary Care, and School Based Health Centers)	1,033,321
	Office of the Public Auditor of Guam	
15.875	Economic, Social and Political Development of the Territories	57,139
	Superior Court of Guam	
16.554	National Criminal History Improvement Program (NCHIP)	271,021
16.585	Drug Court Discretionary Program	117,343
	Indirect Costs not charged to the Federal grants fund	1,328,336
	Total Federal Expenditures Subject to Audit	$ 154,515,119

GOVERNMENT OF GUAM

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED SEPTEMBER 30, 2005

GOVERNMENT OF GUAM

Schedule of Findings and Questioned Costs
Year Ended September 30, 2005

Part I - Summary of Auditors' Results

1. The Independent Auditors' Report on the financial statements expressed a qualified opinion due to our inability to audit tax-related balances and to the lack of audited financial statements of the Guam Memorial Hospital Authority (GMHA) – Component Unit.

2. Reportable conditions in internal control over financial reporting were identified, some of which are considered to be material weaknesses.

3. An instance of noncompliance considered material to the financial statements was disclosed by the audit.

4. Reportable conditions in internal control over compliance with requirements applicable to major federal award programs were identified, some of which are considered to be material weaknesses.

5. The independent auditors' report on compliance with requirements applicable to major federal award programs expressed a qualified opinion.

6. The audit disclosed findings required to be reported by OMB Circular A-133.

7. The Government of Guam's major programs were as follows:

Name of Federal Program or Cluster	CFDA Number
Food Stamp Cluster:	
Food Stamps	10.551
State Administrative Matching Grants for Food Stamp Program	10.561
Coastal Zone Management Administration Awards	11.419
Economic, Social and Political Development of the Territories and the Freely Associated States	15.875
WIA Cluster:	
WIA Adult Program	17.258
WIA Youth Activities	17.259
WIA Dislocated Workers	17.260
State & Community Highway Safety	20.600
Environmental Protection Consolidated Grants: Program Support	66.600
Rehabilitation Services – Vocational Rehabilitation Grants to States	84.126
Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED)	93.104
Centers for Disease Control and Prevention – Investigations and Technical Assistance	93.283
Medical Assistance Program (Medicaid)	93.778
Homeland Security Cluster:	
Homeland Security Grant Program	97.004
Homeland Security Grant Program	97.067

8. A threshold of $3,000,000 was used to distinguish between Type A and Type B programs as those terms are defined in OMB Circular A-133.

9. The Government of Guam did not qualify as a low-risk auditee as that term is defined in OMB Circular A-133.

GOVERNMENT OF GUAM

Schedule of Findings and Questioned Costs, Continued
Year Ended September 30, 2005

Part II – Financial Statement Findings Section

Finding Number	Findings		Questioned Costs
05-30	Allowable Costs/Cost Principles	$	0
05-31	External Financial Reporting	$	0
05-32	Receivables	$	0
05-33	Deposit Liabilities	$	0

Part III - Federal Award Findings and Questioned Cost Section, By Finding Number

Finding Number	CFDA Number	Findings		Questioned Costs	Guam Agency
05-01	10.551/10.561	Procurement	$	127,680	DPHSS
05-02	10.551/10.561	Period of Availability	$	0	DPHSS, DOA
05-03	11.419	Procurement	$	18,041	Planning, GSA
05-04	11.419	Period of Availability	$	35,437	Planning, DOA
05-05	11.419	Allowable Costs/Cost Principles	$	0	Planning
05-06	15.875	Procurement	$	54,236	GFD, GPD, DMHSA, GSA
05-07	17.258/17.259/17.260	Procurement	$	26,434	AHRD, GSA
05-08	17.258/17.259/17.260	Period of Availability	$	21,978	AHRD, DOA
05-09	20.600	Procurement	$	26,284	DPW, Public Safety, GSA
05-10	20.600	Period of Availability	$	0	DPW, DOA
05-11	66.600	Procurement	$	12,808	GEPA, GSA
05-12	66.600	Period of Availability	$	0	GEPA, DOA
05-13	66.600	Special Tests and Provisions – Strategy	$	0	GEPA
05-14	66.600	Special Tests and Provisions – Fair Share Policy	$	0	GEPA
05-15	84.126	Procurement	$	57,607	DISID, GSA
05-16	84.126	Period of Availability	$	0	DISID, DOA
05-17	93.104	Procurement	$	0	DMHSA, GSA
05-18	93.104	Period of Availability	$	0	DMHSA, DOA
05-19	93.283	Procurement	$	19,413	DPHSS, GSA
05-20	93.283	Period of Availability	$	0	DPHSS, DOA
05-21	93.283	Special Tests and Provisions	$	0	DPHSS
05-22	93.283	Eligibility	$	0	DPHSS
05-23	93.283	Allowable Costs/Cost Principles	S	20,328	DPHSS
05-24	93.778	Eligibility	$	25,671	DPHSS
05-25	93.778	Special Tests and Provisions – ADP Risk Analysis	$	0	DPHSS
05-26	93.778	Special Tests and Provisions – Provider Eligibility	$	0	DPHSS
05-27	97.004/97.067	Procurement	$	138,431	Gov. Office, GSA
05-28	All major programs, except 97.004/97.067	Cash Management	$	0	DOA
05-29	All major programs	Equipment Management	$	0	DOA
05-30	All major programs	Allowable Costs/Cost Principles	$	0	DOA
		Total Federal Questioned Costs	$	584,348	

Finding No.:	05-01
CFDA No.	10.551/10.561
Program Name:	Food Stamp Cluster
Grant Number:	7GU400GU4
Area:	Procurement
Questioned Costs:	$127,680

Criteria:

In accordance with applicable procurement requirements, the grantee will maintain records sufficient to detail the significant history of a procurement. These records will include a rationale for the method of procurement, selection of contract type, contractor selection or rejection, and the basis for the contract price.

Condition:

For 1 (or 50%) of 2 transactions, aggregating $110,184 of $1,347,908 in total Program non-payroll expenditures, no procurement documents were provided for the following transaction:

Check Date	Transaction #	Vendor #	Guam Agency	Reference #	Amount
06/17/05	0057375	C0098250	Public Health	C030602682	$ 25,184

In fiscal year 2005, a total of $255,360 in Program expenditures was charged under this contract.

Cause:

Government of Guam management did not enforce established procurement regulations.

Effect:

The Government of Guam is in noncompliance with applicable procurement requirements. A questioned cost of $127,680 exists (50% Federal share of total questionable costs of $255,360).

Recommendation:

Government of Guam management should enforce established procurement regulations. Prior to preparing a purchase order or contract, the responsible personnel should ensure the rationale for selecting each vendor is documented in accordance with applicable procurement regulations. To effect resolution of this finding, the requested procurement documents should be provided.

Auditee Response and Corrective Action Plan:

The Government of Guam has not provided a response.

Finding No.:	05-02
CFDA No.	10.551/10.561
Program Name:	Food Stamp Cluster
Grant Number:	7GU400GU4
Area:	Period of Availability
Questioned Costs:	$0

Criteria:

In accordance with applicable period of availability requirements, where a funding period is specified, a grantee may charge to the award only costs resulting from obligations of the funding period unless a carryover of unobligated balances is permitted.

Condition:

At September 30, 2005, there are unexpended balances for expired grants, as follows:

Grant Year	Budget Period	Unexpended Balances
2003	10/01/02-09/30/04	$ 96,173
2004	10/01/03-09/30/05	356,299
		$ 452,472

Cause:

Government of Guam management did not enforce internal controls over ensuring that expired grants are deappropriated in a timely manner.

Effect:

Available balances for grant years 2003 and 2004 are overstated. If such balances are not properly deappropriated, the Government of Guam could potentially expend Federal funds in noncompliance with applicable period of availability requirements.

Recommendation:

Government of Guam management should develop more specific internal control procedures over monitoring a fund during the period of availability and deappropriating expired funds in a timely manner.

Auditee Response and Corrective Action Plan:

The Government of Guam provided the following response.

Effective in the first quarter of Fiscal Year 2006, the corrective action to address this [finding] regarding the period of availability will be resolved.

In September 2005, at the request of the Department of Administration (DOA), Data Management Resource (DMR) made a system change on the BACIS-AS400 to resolve this audit finding. The system will automatically transfer the amount of funds unavailable to the unallotted funds or funds in reserved status after the federal grant period expires. The funds will be reclassified after the month-end processing is completed on the AS400. When the grantor approves a "No cost grant extension," the grantee will need to prepare the necessary paperwork to have the funds released a second time by BBMR.

GOVERNMENT OF GUAM

Schedule of Findings and Questioned Costs, Continued
Year Ended September 30, 2005

Finding No.: 05-03
CFDA No. 11.419
Program Name: Coastal Zone Management Administration Awards
Grant Number: NA03NOS4190081, NA170Z1120
Area: Procurement
Questioned Costs: $18,041

Criteria:

In accordance with applicable procurement requirements, the grantee will maintain records sufficient to detail the significant history of a procurement. These records will include a rationale for the method of procurement, selection of contract type, contractor selection or rejection, and the basis for the contract price.

Condition:

For 2 (or 11%) of 18 transactions, aggregating $366,266 of $503,901 in total non-payroll Program costs, the request for quotation specified a brand name for the following:

Check Date	Transaction #	Vendor #	Guam Agency	Reference #	Amount	Grant Award #
04/06/05	JZA033105	21600000	Planning	W050900012	$ 14,263	NA03NOS4190081
01/06/05	JZA123104	21600000	Planning	W050900012	3,778	NA170Z1120
					$ 18,041	

Cause:

Government of Guam management did not enforce applicable procurement regulations.

Effect:

The Government of Guam is in noncompliance with applicable procurement requirements. A questioned cost of $18,041 exists.

Recommendation:

The procurement officer should enforce internal controls to ensure that all procurement transactions are documented in sufficient detail in compliance with applicable procurement requirements. Furthermore, the responsible accounting personnel should not charge costs to the Program unless the procurement officer's approval of the significant history of the procurement has been reviewed.

Auditee Response and Corrective Action Plan:

The Government of Guam provided the following response.

Buyers have been instructed to always indicate "or equal" on the request for quotation in referencing a brand name or part numbers.

GOVERNMENT OF GUAM

Schedule of Findings and Questioned Costs, Continued
Year Ended September 30, 2005

Finding No.:	05-04
CFDA No.	11.419
Program Name:	Coastal Zone Management Administration Awards
Grant Number:	NA17OZ1120; NA17OZ2332
Area:	Period of Availability
Questioned Costs:	$35,437

Criteria:

In accordance with applicable period of availability requirements, the grantee shall not incur costs or obligate funds for any purpose pertaining to the operation of the project, program, or activities beyond the expiration stipulated in the award. The only costs which are authorized for a period up to 90 days following the award expiration date are those strictly associated with closeout activities.

Condition:

1. There are unexpended balances from grant years 2001, 2002 and 2003, whose periods of availability expired prior to March 31, 2004. The aggregated total of unexpended balances is $25,509 as follows:

Grant Year	Award Period	Unexpended Balance	Grant Award #
2001	10/01/00 – 03/31/02	$ 2,530	
2002	10/01/01 – 03/31/03	13,023	NA17OZ1120
2003	10/01/02 – 09/30/05	9,956	NA17OZ2332
		$ 25,509	

2. Costs were incurred beyond the expiration stipulated for grant year 2002, as follows:

Grant Year	Budget Period	Amount Expended	Grant Award #
2002	10/01/01 – 09/30/04	$ 35,437	NA17OZ1120

Cause:

Government of Guam management did not enforce internal controls over ensuring that funds are deappropriated after the fund's period of availability and that no funds are obligated or expended beyond the expiration stipulated in the award.

Effect:

Available balances for grant years 2001, 2002, and 2003 are overstated. If such balances are not properly deappropriated, the Government of Guam could potentially expend Federal funds in noncompliance with applicable period of availability requirements. For costs incurred beyond the expiration stipulated in the award, a questioned cost of $35,437 exists.

Recommendation:

Government of Guam management should develop more specific internal control procedures over monitoring a fund during the period of availability and deappropriating expired funds. The responsible accounting personnel should ensure that expired grants are deappropriated in a timely manner and that any liquidation of obligations for expired grants is charged to the General Fund.

Finding No.:	05-04, Continued
CFDA No.	11.419
Program Name:	Coastal Zone Management Administration Awards
Grant Number:	NA17OZ1120; NA17OZ2332
Area:	Period of Availability
Questioned Costs:	$35,437

Auditee Response and Corrective Action Plan:

The Government of Guam provided the following response.

Effective in the first quarter of Fiscal Year 2006, the corrective action to address this [finding] regarding the period of availability will be resolved.

In September 2005, at the request of the Department of Administration (DOA), Data Management Resource (DMR) made a system change on the BACIS-AS400 to resolve this audit finding. The system will automatically transfer the amount of funds unavailable to the unallotted funds or funds in reserved status after the federal grant period expires. The funds will be reclassified after the month-end processing is completed on the AS400. When the grantor approves a "No cost grant extension," the grantee will need to prepare the necessary paperwork to have the funds released a second time by BBMR.

Finding No.:	05-05
CFDA No.	11.419
Program Name:	Coastal Zone Management Administration Awards
Grant Number:	NA17OZ1120
Area:	Allowable Costs/Cost Principle
Questioned Costs:	$0

Criteria:

In accordance with applicable allowable costs/cost principles requirements, capital expenditures for equipment, including replacement equipment, other capital assets, and improvements which materially increase the value of useful life of equipment or other capital assets are allowable as a direct cost when approved by the awarding agency.

Condition:

For 1 (or 6%) of 18 transactions, aggregating $366,266 of $503,901 in total non-payroll Program costs, no prior grantor approval was obtained for the following purchase of a vehicle:

Check Date	Transaction #	Vendor #	Guam Agency	Reference #	Amount
01/10/05	0027862	T8766001	Planning	P046A06093	$28,895

Cause:

Government of Guam management did not enforce internal controls over ensuring that prior approval is obtained for capital expenditures.

Effect:

The Government of Guam is in noncompliance with applicable allowable costs/cost principles. No questioned cost is presented at this finding as the amount is already included in the questioned costs at Finding 05-04.

Recommendation:

The Government of Guam should enforce internal controls to ensure that the required prior approval is obtained for all capital expenditures in accordance with allowable costs/cost principles requirements. The responsible accounting personnel should not charge capital expenditures to the Program unless the payment request is supported by written prior grantor approval. Capital expenditures without prior grantor approval should be charged to the General Fund until such time that written prior grantor approval is obtained.

Auditee Response and Corrective Action Plan:

The Government of Guam has not provided a response.

Finding No.:	05-06
CFDA No.	15.875
Program Name:	Economic, Social and Political Development of the Territories
Grant Number:	P.L. 99-239; CIP-Guam-2003-1; Guam-COFA-2005-1
Area:	Procurement
Questioned Costs:	$54,236

Criteria:

In accordance with applicable procurement requirements, the grantee will maintain records sufficient to detail the significant history of a procurement. These records will include a rationale for the method of procurement, selection of contract type, contractor selection or rejection, and the basis for the contract price. Furthermore, in accordance with the applicable local procurement law, the Guam General Services Agency shall procure from the United States when the cost is less by ten percent than from other contractors.

Condition:

Of 37 transactions, aggregating $14,214,159 of $18,140,600 in total Program non-payroll expenditures, we noted the following conditions:

1. For 3 (or 8%), proper procurement procedures were not followed (i.e., informal quotations were obtained, and vendors were given only three or four days to respond) for the following transactions:

Check Date	Transaction #	Vendor #	Guam Agency	Reference #	Amount	Grant Award #
09/27/05	0077251	G1116024	Fire Dept	P046A01511	$ 61,999	P.L. 99-239
09/27/05	0077251	G1116024	Fire Dept	P046A03360	$ 355,000	P.L. 99-239
08/12/05	0067880	G1116024	Police Dept	P046A03654	$ 164,236	CIP-Guam-2003-1

   However, based on our review of the procurement documents, it appears that competition was maintained, and the Government of Guam realized cost savings in excess of ten percent by procuring through the selected Federal agency; therefore, no questioned cost results from this condition.

2. For 1 (or 3%), emergency procurement was cited; however, based on our review of procurement documents provided, the required informal solicitations from at least three private entities were lacking for the following transaction:

Check Date	Transaction #	Vendor #	Guam Agency	Reference #	Amount	Grant Award #
6/22/2005	0061250	U0576004	DMHSA	D052300001	$ 15,496	Guam-COFA-2005-1

   In fiscal year 2005, a total of $54,236 in Program expenditure was charged under this agreement.

Cause:

Government of Guam management did not enforce established procurement regulations.

Effect:

The Government of Guam is in noncompliance with applicable procurement requirements. A questioned cost of $54,236 exists.

Prior Year Status:

The above condition is reiterative of conditions identified in prior years' audits of the Government of Guam.

Finding No.:	05-06, Continued
CFDA No.	15.875
Program Name:	Economic, Social and Political Development of the Territories
Grant Number:	P.L. 99-239; CIP-Guam-2003-1; Guam-COFA-2005-1
Area:	Procurement
Questioned Costs:	$54,236

Recommendation:

Government of Guam management should enforce established procurement regulations. Prior to preparing a purchase order or contract, the responsible personnel should ensure the rationale for selecting each vendor is documented in accordance with applicable procurement regulations. Furthermore, competitive sealed bids should be obtained for procurement transactions in excess of the small purchase threshold prior to attempting procurement from the United States General Services Administration. To effect resolution of this finding, the requested procurement documents should be provided.

Auditee Response and Corrective Action Plan:

The Government of Guam provided the following response:

[Condition 1]

Disagree with finding.

For Transaction #0077251 and #0067880 contains evidence wherein request for quotations were issued not because it was required by 5GCA Section 5122, however GSA used the response to comply with the 10% calculation as required by 5GCA Section 5122. Calculations were indicated on the abstract for each of the transaction numbers noted above. Therefore, proper procurement procedures were followed in the processing of these requests.

In addition, I disagree with the recommendations noted: *Furthermore, competitive sealed bids should be obtained for procurement transactions in excess of the small purchase threshold prior to attempting procurement from the United States General Services Administration.*. Disagreement is due to unnecessary cost to be incurred by the government to issue competitive sealed bids for purposes of price evaluation. The government is liable to pay for bid cost to bidders due to improper cancellations of sealed bids. The government will also be incurring advertisement cost, copying of bid packages, labor hours in preparing sealed bid packages, etc. Therefore, it is improper to mislead the prospective bidders that the government will be making awards when actually the government is only issuing sealed bids for price comparison purposes. In closing, the United States General Services Administration has issued a competitive sealed bid to establish the existing GSA Federal Schedule which means that the established GSA Schedule is an existing contract that has been pre-solicited prior to the issuance of the annual GSA Federal Schedule.

[Condition 2]

Please find attached a copy of the written determination in support of procuring these services through Purchase Order No.: P056E00062 and P066E00001. Selection of this vendor was through the U.S. Department of Health & Human Services, Substance Abuse and Mental Health Services Administration's (SAMHSA) Public Health Advisor Mikiko Stebbing, ACSW, JD to provide technical assistance (TA) to Guam.

Auditors' Response:

Regarding Condition 1, according to the Government of Guam procurement regulations, except for applicable use of the procurement methods of small purchases, sole source, or emergency, all contracts shall be procured by competitive sealed bidding. The intent of the General Services Agency should be to afford all vendors the opportunity to respond to a bid. Application of 5GCA Section 5122 should occur only after the results of the competitive sealed bidding process indicates that a cost savings of at least 10% would result. Therefore, as the transactions at Condition 3 exceed the small purchases threshold of $15,000, and competitive sealed bidding was not applied, the finding remains.

Finding No.: 05-07
CFDA No. 17.258/17.259/17.260
Program Name: WIA Cluster
Grant Number: AA-12963-03-50; AA-13836-04-50
Area: Procurement
Questioned Costs: $26,434

Criteria:

In accordance with applicable procurement requirements, the grantee will maintain records sufficient to detail the significant history of a procurement. These records will include a rationale for the method of procurement, selection of contract type, contractor selection or rejection, and the basis for the contract price. Furthermore, for section 3111(c) of local procurement regulations, no less than three positive written quotations from businesses shall be solicited, recorded and placed in the procurement file.

Condition:

For 2 (or 12%) of 16 transactions, aggregating $492,568 of $1,605,459 in total Program non-payroll expenditures, section 3111(b) of local procurement regulations was applied, but less than three positive quotations were obtained for the following transactions:

Check Date	Transaction #	Vendor #	Guam Agency	Reference #	Amount	Grant Award #
01/18/05	0028423	I0096294	AHRD	P056A00531	$ 14,119	AA-13836-04-50
01/21/05	0028689	P7816001	AHRD	P046A06136	12,315	AA-12963-03-50
					$ 26,434	

Cause:

Government of Guam management did not enforce established procurement regulations.

Effect:

The Government of Guam is in noncompliance with applicable procurement requirements. A questioned cost of $26,434 exists.

Prior Year Status:

The above condition is reiterative of conditions identified in prior years' audits of the Government of Guam.

Recommendation:

Government of Guam management should enforce established procurement regulations. Prior to preparing a purchase order or contract, the responsible personnel should ensure the rationale for selecting each vendor is documented in accordance with applicable procurement regulations. Furthermore, for small purchases, the responsible personnel should obtain and document at least three positive quotes from which to make a vendor selection. To effect resolution of this finding, the requested procurement documents should be provided.

Finding No.:	05-07, Continued
CFDA No.	17.258/17.259/17.260
Program Name:	WIA Cluster
Grant Number:	AA-12963-03-50; AA-13836-04-50
Area:	Procurement
Questioned Costs:	$26,434

Auditee Response and Corrective Action Plan:

The Program office provided the following response.

The Agency defers response to this finding to the Chief Procurement Officer for the General Services Agency (GSA). The items in question were submitted to GSA via a standard requisition. A corrective action plan, if any, should be addressed by the Chief Procurement Officer, General Services Agency.

Finding No.: 05-08
Federal Agency: U.S. Department of Labor
CFDA No.: 17.258/17.259/17.260
Program Name: WIA Cluster
Grant Number: AA-11288-01-50M1; AA-12047-02-50
Area: Period of Availability of Federal Funds
Questioned Costs: $21,978

Criteria:

In accordance with applicable period of availability requirements, funds allotted to a State for any program year are available for expenditure by the State during that program year and the two succeeding program years.

Condition:

There were unexpended and un-obligated balances aggregating $661,543 from grant years 2001, 2002, and 2003 whose periods of availability ended prior to October 1, 2005. Furthermore, expenditures aggregating $2,240 were charged to the Program after the fund's period of availability, as follows:

Grant Year	End of Period of Availability	Unexpended Balance at 9/30/05	FY 2005 Expenditures	Grant Award #
2001	2004	$ 75,967	$ 2,240	AA-11288-01-50M1
2002	2005	202,492	0	AA-12047-02-50
		$ 278,459	$ 2,240	

Furthermore, grant year 2004 funds were over expended by $19,738.

Cause:

Government of Guam management did not enforce internal controls over ensuring that expired grants are deappropriated in a timely manner and that expenditures are not charged to expired grants.

Effect:

Available balances for grant years 2001 and 2002 are overstated. If such balances are not properly deappropriated, the Government of Guam could potentially expend Federal Funds in noncompliance with applicable period of availability requirements. Furthermore, grant year 2004 funds are over expended. A questioned cost of $21,978 exists.

Prior Year Status:

The above condition is reiterative of conditions identified in prior years' audits of the Government of Guam.

Recommendation:

Government of Guam management should develop more specific internal control procedures over monitoring a fund during the period of availability and deappropriating expired funds in a timely manner. On a periodic basis, the responsible program personnel should monitor funds for unliquidated obligations and should follow up with the responsible accounting personnel to ensure that the liquidations occur before the funds expire. The responsible accounting personnel should ensure that expired grants are deappropriated in a timely manner, that any unliquidated obligations for expired grants are charged to the General Fund, and that grant funds are not over expended.

Auditee Response and Corrective Action Plan:

The Government of Guam provided the following response.

Effective in the first quarter of Fiscal Year 2006, the corrective action to address this [finding] regarding the period of availability will be resolved.

Finding No.:	05-08, Continued
Federal Agency:	U.S. Department of Labor
CFDA No.:	17.258/17.259/17.260
Program Name:	WIA Cluster
Grant Number:	AA-11288-01-50M1; AA-12047-02-50
Area:	Period of Availability of Federal Funds
Questioned Costs:	$21,978

Auditee Response and Corrective Action Plan, Continued:

In September 2005, at the request of the Department of Administration (DOA), Data Management Resource (DMR) made a system change on the BACIS-AS400 to resolve this audit finding. The system will automatically transfer the amount of funds unavailable to the unallotted funds or funds in reserved status after the federal grant period expires. The funds will be reclassified after the month-end processing is completed on the AS400. When the grantor approves a "No cost grant extension," the grantee will need to prepare the necessary paperwork to have the funds released a second time by BBMR.

Additionally, the Program office provided the following response.

Auditee Response:

Questioned Cost $2,240 and Questioned Cost $19,738 – By the close of FY2005 accounts for program year 2004 were overall over expended in the amount of $19,738. The agency received prior approval from the Grantor (reference Attachment A) to reconcile accounts and execute journal vouchers using the "first-in first-out" methodology. The grantor allowed the agency to perform the necessary transactions needed to submit a final close out report for PY2000, PY2001 and PY2002 accordingly by November 30, 2005. This process provided the agency the opportunity to reclassify expenditures and increase the availability of funding for program years PY2003 and PY2004.

Corrective Action:
The agency will ensure that all journal vouchers allowing reclassification of expenditures to perform first-in first-out processes are prepared accordingly and in a timely manner. AHRD will also continue to work with the Department of Administration to prepare all final grant close-out documents in a timely manner.

Finding No.:	05-09
CFDA No.	20.600
Program Name:	State and Community Highway Safety
Grant Number:	OP-2005-00-00-00; 2004 Data Program
Area:	Procurement
Questioned Costs:	$26,284

Criteria:

In accordance with applicable procurement requirements, the grantee will maintain records sufficient to detail the significant history of a procurement. These records will include a rationale for the method of procurement, selection of contract type, contractor selection or rejection, and the basis for the contract price.

Condition:

Of 16 transactions, aggregating $149,604 of $333,810 in total Program non-payroll costs, we noted the following conditions:

1. For 1 (or 6%), section 3111(c) of local procurement regulations was applied, but less than three positive quotations were obtained for the following transaction:

Check Date	Transaction #	Vendor #	Guam Agency	Reference #	Amount	Grant Award #
08/12/05	0067839	C5521001	Public Works	P056A04067	$12,598	OP-2005-00-00-00

2. For 1 (or 6%), competition was limited due to brand specification in the request for quotation for the following transaction:

Check Date	Transaction #	Vendor #	Guam Agency	Reference #	Amount	Grant Award #
01/06/05	0027566	G7411501	Public Safety	P046A06526	$13,686	2004 Data Program

Cause:

Government of Guam management did not enforce established procurement regulations.

Effect:

The Government of Guam is in noncompliance with applicable procurement requirements. A questioned cost of $26,284 exists.

Recommendation:

Government of Guam management should enforce established procurement regulations. Prior to preparing a purchase order or contract, the responsible personnel should ensure the rationale for selecting each vendor is documented in accordance with applicable procurement regulations. Furthermore, for small purchases, the responsible personnel should obtain and document at least three positive quotes from which to make a vendor selection. To effect resolution of this finding, the requested procurement documents should be provided.

Auditee Response and Corrective Action Plan:

The Government of Guam provided the following response.

Buyers have been instructed to always indicate "or equal" on the request for quotation in referencing a brand name or part numbers.

Finding No.:	05-10
CFDA No.	20.600
Program Name:	State and Community Highway Safety
Area:	Period of Availability
Questioned Costs:	$0

Criteria:

In accordance with applicable period of availability requirements, Federal funds appropriated for a fiscal year remain available for obligation in the succeeding fiscal year.

Condition:

There were un-obligated balances aggregating $780,775 from grant years 2001 through 2005 whose periods of availability ended prior to October 1, 2005, as follows:

Grant Year	End of Period of Availability	Unexpended Balance at 9/30/05
2001	2002	$ 28,968
2002	2003	183,904
2003	2004	348,341
2004	2005	219,562
		$780,775

Cause:

Government of Guam management did not enforce internal controls over ensuring that expired grants are deappropriated in a timely manner.

Effect:

Available balances for grant years 2001 through 2004 are overstated. If such balances are not properly deappropriated, the Government of Guam could potentially expend Federal Funds in noncompliance with applicable period of availability requirements.

Prior Year Status:

The above condition is reiterative of conditions identified in prior years' audits of the Government of Guam.

Recommendation:

Government of Guam management should develop more specific internal control procedures over monitoring a fund during the period of availability and deappropriating expired funds in a timely manner. On a periodic basis, the responsible program personnel should monitor funds for unliquidated obligations and should follow up with the responsible accounting personnel to ensure that the liquidations occur before the funds expire. The responsible accounting personnel should ensure that expired grants are deappropriated in a timely manner, that any unliquidated obligations for expired grants are charged to the General Fund, and that grant funds are not over expended.

Auditee Response and Corrective Action Plan:

The Government of Guam provided the following response.

Effective in the first quarter of Fiscal Year 2006, the corrective action to address this [finding] regarding the period of availability will be resolved.

In September 2005, at the request of the Department of Administration (DOA), Data Management Resource (DMR) made a system change on the BACIS-AS400 to resolve this audit finding. The system will automatically transfer the amount of funds unavailable to the unallotted funds or funds in reserved status after the federal grant period expires. The funds will be reclassified after the month-end processing is completed on the AS400. When the grantor approves a "No cost grant extension," the grantee will need to prepare the necessary paperwork to have the funds released a second time by BBMR.

GOVERNMENT OF GUAM

Schedule of Findings and Questioned Costs, Continued
Year Ended September 30, 2005

Finding No.:	05-11
CFDA No.	66.600
Program Name:	Environmental Protection Consolidated Grants
Grant Number:	M-00906304
Area:	Procurement
Questioned Costs:	$12,808

Criteria:

In accordance with applicable procurement requirements, the grantee will maintain records sufficient to detail the significant history of a procurement. These records will include a rationale for the method of procurement, selection of contract type, contractor selection or rejection, and the basis for the contract price. Furthermore, in accordance with the applicable local procurement law, the Guam General Services Agency shall procure from the United States when the cost is less by ten percent than from other contractors.

Condition:

For 1 (or 7%) of 15 transactions, aggregating $487,070 of $969,419 in total Program non-payroll expenditures, there was brand specification on the request for quotation for the following transaction:

Check Date	Transaction #	Vendor #	Guam Agency	Reference #	Amount
11/24/04	0021456	I1371001	Agriculture	P046A07016	$ 12,808

Cause:

Government of Guam management did not enforce established procurement regulations.

Effect:

The Government of Guam is in noncompliance with applicable procurement requirements. A questioned cost of $12,808 exists.

Prior Year Status:

The above condition is reiterative of conditions identified in prior years' audits of the Government of Guam.

Recommendation:

Government of Guam management should enforce established procurement regulations. Prior to preparing a purchase order or contract, the responsible personnel should ensure the rationale for selecting each vendor is documented in accordance with applicable procurement regulations. To effect resolution of this finding, the requested procurement documents should be provided.

Auditee Response and Corrective Action Plan:

The Government of Guam provided the following response.

Buyers have been instructed to always indicate "or equal" on the request for quotation in referencing a brand name or part numbers.

Finding No.:	05-12
CFDA No.	66.600
Program Name:	Environmental Protection Consolidated Grants
Grant Number:	M-00906304; M-00906303; M-00906302; M-00906301
Area:	Period of Availability
Questioned Costs:	$0

Criteria:

In accordance with applicable period of availability requirements, the grantee shall not incur or obligate funds for any purpose pertaining to the operations of the project, program, or activities beyond the expiration stipulated in the award.

Condition:

There are unexpended balances from grant years 2001 through 2004, whose periods of availability expired prior to October 1, 2005. The aggregated total of unexpended balances is $3,211,113, as follows:

Grant Year	Period Available	Unexpended Balance	Grant Award #
2001	10/01/00 – 09/30/01	$ 27,748	M-00906301
2002	10/01/01 – 09/30/02	240,633	M-00906302
2003	10/01/02 – 09/30/03	128,714	M-00906303
2004	10/01/03 – 09/30/05	2,814,018	M-00906304
		$3,211,113	

Cause:

Government of Guam management did not enforce internal controls over ensuring that funds are deappropriated after the fund's period of availability.

Effect:

Available balances for grant years 2001 through 2004 are overstated. If such balances are not properly deappropriated, the Government of Guam could potentially expend Federal funds in noncompliance with applicable period of availability requirements.

Recommendation:

Government of Guam management should develop more specific internal control procedures over monitoring a fund during the period of availability and deappropriating expired funds. The responsible accounting personnel should ensure that expired grants are deappropriated in a timely manner and that any liquidations of obligations for expired grants are charged to the General Fund.

Auditee Response and Corrective Action Plan:

The Government of Guam provided the following response.

Effective in the first quarter of Fiscal Year 2006, the corrective action to address this [finding] regarding the period of availability will be resolved.

Finding No.:	05-12, Continued
CFDA No.	66.600
Program Name:	Environmental Protection Consolidated Grants
Grant Number:	M-00906304; M-00906303; M-00906302; M-00906301
Area:	Period of Availability
Questioned Costs:	$0

Auditee Response and Corrective Action Plan, Continued:

In September 2005, at the request of the Department of Administration (DOA), Data Management Resource (DMR) made a system change on the BACIS-AS400 to resolve this audit finding. The system will automatically transfer the amount of funds unavailable to the unallotted funds or funds in reserved status after the federal grant period expires. The funds will be reclassified after the month-end processing is completed on the AS400. When the grantor approves a "No cost grant extension," the grantee will need to prepare the necessary paperwork to have the funds released a second time by BBMR.

Finding No.:	05-13
CFDA No.	66.600
Program Name:	Environmental Protection Consolidated Grants
Grant Number:	M-00906304
Area:	Special Tests and Provisions
Questioned Costs:	$0

Criteria:

In accordance with applicable special tests and provisions requirements and grant terms and conditions, the Government of Guam must develop and implement a communications strategy to inform and interact with water systems.

Condition:

The Government of Guam has not developed a water systems communications strategy.

Cause:

Government of Guam management did not enforce internal controls over ensuring that a water systems communications strategy is developed in accordance with the grant award.

Effect:

The Government of Guam is in noncompliance with applicable special tests and provisions requirements and grant terms and conditions regarding the development and implementation of a water systems communications strategy.

Recommendation:

Government of Guam management should develop and implement a communications strategy to inform and interact with water systems in accordance with grant terms and conditions.

Auditee Response and Corrective Action Plan:

The Government of Guam provided the following response.

The written communications strategy workplan will be drafted by July 2006.

Finding No.:	05-14
Federal Agency:	U.S. Environmental Protection Agency
CFDA No.	66.600
Program Name:	Environmental Protection Consolidated Grants: Program Support
Grant Number:	M-00906304
Area:	Special Tests and Provisions
Questioned Costs:	$0

Criteria:

In accordance with applicable special tests and provisions requirements and grant terms and conditions, the Government of Guam must ensure that at least 8% of federal funds for prime contracts and subcontracts for supplies, construction, equipment or services are made available to organizations owned or controlled by socially and economically disadvantaged individuals and women (the Fair Share policy).

Condition:

The Government of Guam could not provide documentation to support compliance with the Fair Share Policy. Bid documents and contracts did not include documentation relating to the Fair Share percentage.

Cause:

The inclusion of the Fair Share Policy in the procurement documents was implemented only towards the end of fiscal year 2005 in response to a prior year finding. As such, the grantee is in noncompliance with the requirement during most of FY 2005.

Effect:

The Government of Guam is in noncompliance with applicable special tests and provisions and grant terms and conditions regarding the Fair Share policy. No questioned cost is presented at this finding, as we are unable to quantify the extent of noncompliance.

Recommendation:

The Government of Guam should ensure compliance with the Fair Share policy, by including the Fair Share percentage in bid documents and contracts.

Auditee Response and Corrective Action Plan:

No response is necessary as corrective action has occurred at the end of FY 2005.

GOVERNMENT OF GUAM

Schedule of Findings and Questioned Costs, Continued
Year Ended September 30, 2005

Finding No.:	05-15
CFDA No.	84.126
Program Name:	Vocational Rehabilitation Grants
Grant Number:	H126A040077, H126A050077
Area:	Procurement
Questioned Costs:	$57,607

Criteria:

In accordance with applicable procurement requirements, the grantee will maintain records sufficient to detail the significant history of a procurement. These records will include a rationale for the method of procurement, selection of contract type, contractor selection or rejection, and the basis for the contract price.

Condition:

Of 25 transactions, aggregating $220,054 of $895,943 in total Program non-payroll costs, we noted the following conditions:

1. For 2 (or 8%), the brand name was specified in the request for quotations, thereby limiting competition for the following transactions:

Check Date	Transaction #	Vendor #	Guam Agency	Reference #	Amount	Grant Award #
09/09/05	0072814	D0097023	Voc Rehab	P056A05633	$ 5,295	H126A050077
03/31/05	0044499	A0098076	Voc Rehab	P056A01083	4,275	H126A040077
				TOTAL	$ 9,570	

2. For 11 (or 44%), there is no written rationale for the selection of the following vendors:

Check Date	Transaction #	Vendor #	Guam Agency	Reference #	Amount Tested	Total Charged in FY 2005	Grant Award #
04/22/05	0050273	G0802201	Voc Rehab	C052600019	$ 2,775	$ 13,000	H126A040077
09/30/05	0078276	G0802201	Voc Rehab	C052600005	3,600	10,058	H126A040077
06/24/05	0061616	G0802201	Voc Rehab	C052600063	2,331	2,964	H126A040077
05/09/05	0051648	G0802201	Voc Rehab	C052600120	7,200	11,430	H126A040077
05/09/05	0051648	G0802201	Voc Rehab	C052600120	4,230	4,230	H126A040077
04/19/05	0049354	G0802201	Voc Rehab	C052600140	5,618	5,618	H126A040077
10/21/05	0079850	G0802201	Voc Rehab	C052600184	7,448	11,048	H126A050077
10/21/05	0079850	G0802201	Voc Rehab	C052600282	5,280	5,280	H126A050077
					$ 38,482	$ 63,628	

Cause:

Government of Guam management did not enforce established procurement regulations.

Effect:

The Government of Guam is in noncompliance with applicable procurement requirements. A questioned cost of $57,607 is presented at this finding (78.7% Federal share of total questionable costs of $73,198).

Finding No.:	05-15, Continued
CFDA No.	84.126
Program Name:	Vocational Rehabilitation Grants
Grant Number:	H126A040077, H126A050077
Area:	Procurement
Questioned Costs:	$57,607

Recommendation:

Government of Guam management should enforce established procurement regulations. Prior to preparing a purchase order or contract, the responsible personnel should ensure the rationale for selecting each vendor is documented in accordance with applicable procurement regulations. To effect resolution of this finding, the requested procurement documents should be provided.

Auditee Response and Corrective Action Plan:

The Government of Guam provided the following response.

[Condition 1]

For Transaction #0072814 and #0044499, although the "or equal" was not indicated on the request for quotation, the vendors solicited from are good in offering other brand names if they can supply a particular item comparable to the item requested. The other vendors did respond with no quote and N/A.

Corrective Action:
Buyers have been instructed to always indicate "or equal" on the request for quotation in referencing a brand name or part numbers.

[Also, the consumer] is a transition consumer from DOE Special Education. [He] has a communication impairment that required assistive devices. DOE provided the initial communications brand including the specific training to [him] for effective use. Unfortunately, all devices purchased by Special Education remains the property of DOE and is returned to DOE upon graduation. It was critical that DVR purchase a replacement model to continue his Communication Board with VR. DVR had to purchase the exact brand model. To purchase a different model, it would set back six months to one year of re-training and added frustration by the consumer.

[For transaction #0044499], attached you will find a copy of an email in which I based the purchasing of the AT [assistive technology] for a consumer. The specifications for the purchase came from Mr. David Andrews, Chief Technology Officer from the Minnesota State Services for the Blind. Because it is my job as per 34CFR 361.13 to provide the nature and scope of services to our consumers and I consulted a technology professional who works for the blind, is why the purchasing was made with brand name. Please note that the two specific softwares (JAWS and KURZWEIL) required these specifications. The purchase was made to meet the consumer's needs.

Reference #C05260063 (case 6-7639) is a consumer with DVR whose Individualized Plan for Employment (IPE) was developed in May 2001 with a vocational goal to be determined after certain vocational exploration and work evaluations have been completed with Goodwill Industries which is presently named the Guam Rehabilitation and Workshop Center (GRWC). Being that GWRC was readily available to accept this consumer and provide the required expectations given in his vocational exploration and work evaluation. During his initial vocational training period, a major typhoon devastated the island of Guam in the end of 2002 (Super Typhoon Pongsona). Because of the major damage and devastated stated of the island, vocational training with GRWC was terminated until such time that the facility was fully functioning again then they will commence with the training for this consumer. In September of 2004 a VR Counselor met with GRWC representative who informed her that the facility is functioning to its fullest and can now accept this consumer back for vocational training. As a result of this meeting VR Counselor met with the consumer and his guardian and together amended his IPE for him to continue his training where he left off, with room for readjustment and other

Finding No.:	05-15, Continued
CFDA No.	84.126
Program Name:	Vocational Rehabilitation Grants
Grant Number:	H126A040077, H126A050077
Area:	Procurement
Questioned Costs:	$57,607

Auditee Response and Corrective Action Plan, Continued:

[Condition 2], Continued

vocational preparation that is needed to have him get back on track vocationally. With all documents prepared and submitted, and Authorization For Service was prepared and approved with the funding available, hence the justification of the continuation of his vocational training.

[Transaction # 0078276, 0051648, and 0079850]
Case Number 2-7619: Prior to choosing [the vendor] as the vendor to provide services to consumer, other vendors given the vocational goal and taking into consideration the consumer's disabling condition, were explored. Consumer was not comfortable with the other facility and therefore chose this vendor. Again, consumer and her guardian were involved I the decision and choosing of the vendor. The services provided to consumer is enabling her to independence at the worksite and this vendor will assist in the competitive employment placement.

[Transaction #0021608, 0039516, 0049332, 0038258, and 0044905]
Consumer Number 2-7670: Consumer left off island to receive physical restoration services and, prior to said service saw the need for personal care attendant to help consumer get stable on an outpatient basis. Consumer did search to provide her the service and vendor was chosen by consumer. Prior to finalizing the selection, consumer was communicating with VRC during her search.

[Transaction #0049354]
Reference #CO52600140 (case 1-7648), was an inherited case from a former VR Counselor and was on-hand when I arrived to the division in August 2004. This consumer's Individualized Plan for Employment (IPE) was written for his vocational goal to be listed as a Sorter (for a nonprofit organization). A nonprofit organization readily available to take on this consumer for vocational training was listed and identified as the Guam Rehabilitation and Workshop Center (GRWC), which was adequate justification to choose this vendor being that they are, a t any time, ready to pick up new clients. GRWC was responsible for providing Personal and vocational adjustment training for consumer for him to be exposed to an actual work site and learn the necessary skills in order for him to properly succeed in the job as a sorter. During his initial vocational training period, a major typhoon devastated the island of Guam in the end of 2002 (Super Typhoon Pongsona). Because of the major damage and devastated stated of the island, vocational training with GRWC was terminated until such time that the facility was fully functioning again then they will commence with the training for this consumer. In January 2005 I met with GRWC representative who informed me that the facility is functioning to its fullest and can now accept this consumer back for vocational training. As a result of this meeting I met with the consumer and his guardian and together we amended his IPE for him to continue his training where he left off, with room for readjustment and other vocational preparation that is needed to have him get back on track vocationally. With all documents prepared and submitted, and Authorization For Service was prepared and approved with the funding available, hence the justification of the continuation of his vocational training.

Finding No.: 05-16
CFDA No. 84.126
Program Name: Vocational Rehabilitation Grants
Grant Number: H126A030077; H126A040077
Area: Period of Availability
Questioned Costs: $0

Criteria:

In accordance with applicable period of availability requirements, Federal funds appropriated for a fiscal year remain available for obligation in the succeeding fiscal year.

Condition:

There are unexpended balances from grant years 2003 and 2004, whose periods of availability expired prior to October 1, 2005. The aggregated total of unexpended balances is $745,257 as follows:

Grant Year	Period Available	Unexpended Balance	Grant Award #
2003	10/01/02 – 09/30/04	$104,496	H126A030077
2004	10/01/03 – 09/30/05	640,761	H126A040077
		$745,257	

Cause:

Government of Guam management did not enforce internal controls over ensuring that funds are deappropriated after the fund's period of availability.

Effect:

Available balances for grant years 2003 and 2004 are overstated. If such balances are not properly deappropriated, the Government of Guam could potentially expend Federal funds in noncompliance with applicable period of availability requirements.

Recommendation:

Government of Guam management should develop more specific internal control procedures over monitoring a fund during the period of availability and deappropriating expired funds. The responsible accounting personnel should ensure that expired grants are deappropriated in a timely manner and that any liquidations of obligations for expired grants are charged to the General Fund.

Auditee Response and Corrective Action Plan:

The Government of Guam provided the following response.

Effective in the first quarter of Fiscal Year 2006, the corrective action to address this [finding] regarding the period of availability will be resolved.

In September 2005, at the request of the Department of Administration (DOA), Data Management Resource (DMR) made a system change on the BACIS-AS400 to resolve this audit finding. The system will automatically transfer the amount of funds unavailable to the unallotted funds or funds in reserved status after the federal grant period expires. The funds will be reclassified after the month-end processing is completed on the AS400. When the grantor approves a "No cost grant extension," the grantee will need to prepare the necessary paperwork to have the funds released a second time by BBMR.

Finding No.:	05-17
CFDA No.	93.104
Program Name:	Comprehensive Community Mental Health Services for Children with (SED)
Grant Number:	5 U79 SM54487-03
Area:	Procurement
Questioned Costs:	$0

Criteria:

In accordance with applicable procurement requirements, the grantee will maintain records sufficient to detail the significant history of a procurement. These records will include a rationale for the method of procurement, selection of contract type, contractor selection or rejection, and the basis for the contract price.

Condition:

For 3 (or 18%) of 17 transactions, aggregating $407,225 of $738,708 in total Program expenditures, the procurement cited is sole source; however, there is no documentation on file to evidence that other vendors do not exist for the following transactions:

Check Date	Transaction #	Vendor #	Guam Agency	Reference #	Amount
01/06/05	0027543	C0098342	Mental Health	P056A00462	$ 17,500
03/24/05	0043966	C0098342	Mental Health	P056A03636	17,500
06/24/05	0061767	C0098342	Mental Health	P056A05614	18,500
					$ 53,500

Program management represented that no other source is available due to the nature of the training requirements. We reviewed certification from the vendor that no other source on Guam is available and examined correspondence from the grantor indicating that use of such sole source method for this transactions is fully justified and cost effective. Therefore, no questioned cost results from this condition. However, the condition is reportable as noncompliance with applicable local procurement requirements exists.

Cause:

Government of Guam management did not enforce established procurement regulations.

Effect:

The Program is in noncompliance with applicable procurement requirements. For reasons provided in the condition above, no questioned cost is presented at this finding.

Recommendation:

Government of Guam management should enforce established procurement regulations. Prior to preparing a purchase order or contract, the responsible personnel should ensure the rationale for selecting each vendor is documented in accordance with applicable procurement regulations. To effect resolution of this finding, the requested procurement documents should be provided.

Finding No.:	05-17, Continued
CFDA No.	93.104
Program Name:	Comprehensive Community Mental Health Services for Children with (SED)
Grant Number:	5 U79 SM54487-03
Area:	Procurement
Questioned Costs:	$0

Auditee Response and Corrective Action Plan:

The Government of Guam provided the following response:

The [files contain] evidence that the letter provided by the vendor indicated that at present, no similar curriculum or videotape materials and explained that she was the sole available wraparound training on Guam. The requisition submitted by the department indicated: To conduct Wraparound training continuing system community analysis and assessment. Therefore, this is an indication that this program has been in existence and is needed to continue as required by the department. The rationale for sole source was properly justified.

Auditors' Response:

There appears to be a conflict of interest for the sole source rationale to be partially based on the certifications of the selected vendor. Therefore, the finding remains.

Finding No.:	05-18
CFDA No.	93.104
Program Name:	Comprehensive Community Mental Health Services for Children with SED
Grant Number:	5 U79 SM54487-01; 5 U79 SM54487-02; 5 U79 SM54487-03
Area:	Period of Availability
Questioned Costs:	$0

Criteria:

In accordance with applicable period of availability requirements, where a funding period is specified, a grantee may charge to the award only costs resulting from obligations of the funding period unless a carryover of unobligated balances is permitted.

Condition:

At fiscal year end 2005, there are unexpended balances for grants with which period of availability had expired, as follows:

Grant Year	Budget Period	Unencumbered Balances	Grant Award #
2002	9/30/02 – 9/29/03	$ 58,945	5 U79 SM54487-01
2003	9/30/03 – 9/29/04	183,909	5 U79 SM54487-02
2004	9/30/04 – 9/29/05	1,578,913	5 U79 SM54487-03
		$ 1,821,767	

Cause:

Government of Guam management did not enforce internal controls over ensuring that expired grants are deappropriated in a timely manner.

Effect:

Available balances for grant years 2002, 2003, and 2004 are overstated. If such balances are not properly deappropriated, the Government of Guam could potentially expend Federal funds in noncompliance with applicable period of availability requirements.

Recommendation:

Government of Guam management should develop more specific internal control procedures over monitoring a fund during the period of availability and deappropriating expired funds in a timely manner.

Auditee Response and Corrective Action Plan:

The Government of Guam provided the following response.

Effective in the first quarter of Fiscal Year 2006, the corrective action to address this [finding] regarding the period of availability will be resolved.

In September 2005, at the request of the Department of Administration (DOA), Data Management Resource (DMR) made a system change on the BACIS-AS400 to resolve this audit finding. The system will automatically transfer the amount of funds unavailable to the unallotted funds or funds in reserved status after the federal grant period expires. The funds will be reclassified after the month-end processing is completed on the AS400. When the grantor approves a "No cost grant extension," the grantee will need to prepare the necessary paperwork to have the funds released a second time by BBMR.

Finding No.: 05-19
CFDA No. 93.283
Program Name: Centers for Disease Control and Prevention
Grant Number: U58/CCU922934-02
Area: Procurement
Questioned Costs: $19,413

Criteria:
In accordance with applicable procurement requirements, the grantee will maintain records sufficient to detail the significant history of a procurement. These records will include a rationale for the method of procurement, selection of contract type, contractor selection or rejection, and the basis for the contract price.

Condition:
Out of 20 transactions, aggregating $58,927 of $348,413 in total Program expenditures, we noted the following:

1. For 3 (or 15%), there was no history of procurement for the following:

Check Date	Transaction #	Vendor #	Guam Agency	Reference #	Amount
06/24/05	0061655	K0276601	Public Health	P056A04933	$ 5,000
03/03/05	0038588	K0276601	Public Health	P056A02580	$ 2,400
02/04/05	0033359	K0276601	Public Health	P056A02397	$ 2,430

However, as transaction number 0061655 and #0038588 were for advertisements on television in conjunction with the only television local news station on Guam, and transaction number 0033359 was for radio advertisements in conjunction with the radio broadcast of the only local news program, no questioned costs result from these transactions.

2. For 1 (or 5%), competition was restricted by specifying a brand name on the request for quotation for the following:

Check Date	Transaction #	Vendor #	Guam Agency	Reference #	Amount
07/08/05	0062852	J6768204	Public Health	P056A05154	$ 3,444

3. For 2 (or 10%), no procurement documents were provided for the following:

Check Date	Transaction #	Vendor #	Guam Agency	Reference #	Amount
10/28/04	0016251	E2534001	Public Health	P046P00024	$ 14,850
12/28/04	0027422	D6022102	Public Health	D051740073	1,119
					$ 15,969

Cause:
Government of Guam management did not enforce established procurement regulations.

Effect:
The Program is in noncompliance with applicable procurement requirements. A questioned cost of $19,413 exists.

Recommendation:
Government of Guam management should enforce established procurement regulations. Prior to preparing a purchase order or contract, the responsible personnel should ensure the rationale for selecting each vendor is documented in accordance with applicable procurement regulations. To effect resolution of this finding, the requested procurement documents should be provided.

Finding No.:	05-19, Continued
CFDA No.	93.283
Program Name:	Centers for Disease Control and Prevention
Grant Number:	U58/CCU922934-02
Area:	Procurement
Questioned Costs:	$19,413

Auditee Response and Corrective Action Plan:

The Government of Guam provided the following response.

Buyers have been instructed to always indicate "or equal" on the request for quotation in referencing a brand name or part numbers.

Finding No.: 05-20
CFDA No. 93.283
Program Name: Center for Disease Control and Prevention - Investigations and Tech Asst
Grant Number: U58/CCU922934-01; U58/CCU922934-02; U58/CCU922934-03
Area: Period of Availability
Questioned Costs: $0

Criteria:

In accordance with applicable period of availability requirements, where a funding period is specified, a grantee may charge to the award only costs resulting from obligations of the funding period unless a carryover of unobligated balances is permitted.

Condition:

At fiscal year end 2005, there are unexpended grant balances for which the period of availability had expired, as follows:

Grant Number	Account Number	Grant Year	Budget Period	Available Balance
U58/CCU922934-01	5101H031712EI110	2003	06/30/03 – 06/29/04	$ 5,685
U58/CCU922934-01	5101H031712SE114	2003	06/30/03 – 06/29/04	11,272
U58/CCU922934-02	5101H041712EI110	2004	06/30/04 – 06/29/05	73,374
U58/CCU922934-02	5101H041712SE114	2004	06/30/04 – 06/29/05	26,796
U58/CCU922934-02	5101H041713EI109	2004	08/31/03 – 08/30/04	8,064
U58/CCU922934-03	5101H051713EI109	2005	08/31/04 – 08/30/05	291,019
				$ 416,210

Cause:

Government of Guam management did not enforce internal controls over ensuring that expired grants are deappropriated in a timely manner.

Effect:

Available balances for grant years 2003, 2004, and 2005 are overstated. If such balances are not properly deappropriated, the Government of Guam could potentially expend Federal funds in noncompliance with applicable period of availability requirements.

Recommendation:

Government of Guam management should develop more specific internal control procedures over monitoring a fund during the period of availability and deappropriating expired funds. The responsible accounting personnel should ensure that expired grants are deappropriated in a timely manner and that any liquidations of obligations for expired grants are charged to the General Fund.

Auditee Response and Corrective Action Plan:

The Government of Guam provided the following response.

Effective in the first quarter of Fiscal Year 2006, the corrective action to address this [finding] regarding the period of availability will be resolved.

Finding No.:	05-20, Continued
CFDA No.	93.283
Program Name:	Center for Disease Control and Prevention - Investigations and Tech Asst
Grant Number:	U58/CCU922934-01; U58/CCU922934-02; U58/CCU922934-03
Area:	Period of Availability
Questioned Costs:	$0

Auditee Response and Corrective Action Plan, Continued:

In September 2005, at the request of the Department of Administration (DOA), Data Management Resource (DMR) made a system change on the BACIS-AS400 to resolve this audit finding. The system will automatically transfer the amount of funds unavailable to the unallotted funds or funds in reserved status after the federal grant period expires. The funds will be reclassified after the month-end processing is completed on the AS400. When the grantor approves a "No cost grant extension," the grantee will need to prepare the necessary paperwork to have the funds released a second time by BBMR.

Finding No.:	05-21
CFDA No.	93.283
Program Name:	Centers for Disease Control and Prevention
Grant Number:	U58/CCU922934-02; U58/CCU922934-03
Area:	Special Tests and Provisions
Questioned Costs:	$0

Criteria:

In accordance with applicable grant terms and conditions, the grantee must respond to the weaknesses noted in the Technical Review within 60 days after the receipt of the Notice of Cooperative Agreement.

Condition:

For grant years 2004 (U58/CCU922934-02) and 2005 (U58/CCU922934-03) of the Chronic Disease Prevention and Health Promotion Programs, and grant year 2004 of the National Cancer Prevention and Control Program, no response was prepared and submitted to the grantor agency as stated in the award terms and conditions.

Cause:

Government of Guam management did not enforce compliance with applicable grant terms and conditions over responding to weaknesses noted in the Technical Review.

Effect:

The Government of Guam is in noncompliance with applicable grant terms and conditions over responding to weaknesses noted in the Technical Review. Future funding may be decreased or withheld.

Recommendation:

The responsible personnel should promptly respond to the weaknesses noted in the Technical Review.

Auditee Response and Corrective Action Plan:

The Government of Guam has not provided a response.

Finding No.:	05-22
CFDA No.	93.283
Program Name:	Centers for Disease Control and Prevention
Grant Number:	U58/CCU922934-03
Area:	Eligibility
Questioned Costs:	$0

Criteria:

Acceptance into the Guam Breast and Cervical Cancer Early Detection Program (BCCEDP) must be in conformity with applicable eligibility guidelines.

Condition:

Of 25 samples tested, we noted the following:

1. For all samples, there were no copies of official documents in file to verify the applicant's age.

2. For 2 (or 8%), the individual is not within the Priority Group and was covered under MIP during FY 2005, for the following: 66001000000160 and 66001000001067.

3. For all samples, there were no copies of official documents in file to verify the applicant's citizenship.

4. For 13 (or 52%), there were no copies of official documents, or certification by a Program Staff in file, that Guam residency was verified for the following:

   66001000000160, 66001000000307, 66001000000343, 66001000000428, 66001000000652, 66001000000697, 66001000000700, 66001000000890, 66001000000999, 66001000001038, 66001000001063, 66001000001067, 66001000001080.

5. For 22 (or 88%), there was no indication that the income reported by the applicant was verified for the following:

   66001000000160, 66001000000307, 66001000000336, 66001000000343, 66001000000428, 66001000000558, 66001000000652, 66001000000697, 66001000000700, 66001000000873, 66001000000890, 66001000000904, 66001000000942, 66001000000999, 66001000001004, 66001000001038, 66001000001053, 66001000001063, 66001000001067, 66001000001080, 66001000001195, 66001000001229.

6. For 7 (or 28%), reevaluation took more than one year for the following:

   66001000000307, 66001000000343, 66001000000428, 66001000000558, 66001000000652, 66001000000697, 66001000000942

Cause:

There appears to be weak internal controls over record keeping. In addition, applicants were not required to submit supporting documents for verification.

Effect:

Without requiring applicants to submit supporting documents, the Government of Guam may be providing services to otherwise ineligible individuals. No questioned cost is presented at this finding because we are unable to determine the specific cost associated with each case file.

Finding No.:	05-22, Continued
CFDA No.	93.283
Program Name:	Centers for Disease Control and Prevention
Grant Number:	U58/CCU922934-03
Area:	Eligibility
Questioned Costs:	$0

Recommendation:

The Government of Guam should provide the requested case files to effect resolution of this finding.

Auditee Response and Corrective Action Plan:

The Government of Guam has not provided a response.

Finding No.:	05-23
CFDA No.	93.283
Program Name:	Centers for Disease Control and Prevention
Grant Number:	U58/CCU922934-03
Area:	Allowable Costs/Cost Principles
Questioned Costs:	$20,328

Criteria:

In accordance with applicable grant terms and conditions, the grantee is prohibited from incurring expenditures for cellular phones, except as approved by the grantor.

Condition:

For 3 (or 15%) of 20 transactions, aggregating $58,927 of $348,143 in total Program non-payroll expenditures, we noted expenditures for cell phone services specifically prohibited by the grantor, as follows:

Check Date	Transaction #	Vendor #	Guam Agency	Reference #	Amount
03/23/05	0043747	I0096229	Public Health	P056A03401	$ 346
03/23/05	0043747	I0096229	Public Health	P056A03400	563
06/17/05	0057429	I0096229	Public Health	P056A03403	680
					$1,589

Total payments to the vendor per the two check number references above amount to $20,328.

Cause:

The Government of Guam did not enforce internal controls over ensuring that grantor approval is obtained for cellular phone services.

Effect:

The Government of Guam is in noncompliance with applicable allowable costs/cost principles. A questioned cost of $20,328 exists.

Recommendation:

The Government of Guam should enforce internal controls over ensuring that grantor approval is obtained for cellular phone services and that such written approval is maintained to substantiate expenditures.

Auditee Response and Corrective Action Plan:

The Government of Guam has not provided a response.

Finding No.: 05-24
Federal Agency: U.S. Department of Health and Human Services
CFDA No. 93.778
Program Name: Medicaid
Grant Number: 75X0512
Area: Eligibility
Questioned Costs: $25,671

Criteria:

In accordance with applicable eligibility requirements, eligibility determinations should be documented, including such supporting documents as application worksheets, social security cards, proof of citizenship, verification of employment, and recertification.

Condition:

Of 121 cases tested, we noted the following conditions:

1. For 1 sample, the Government of Guam did not provide the case file for the following:

Claim #	Patient #	Case #	SS #	Amount Claimed
50809200001	H714006707	33-73533-03	3394	$51,341

2. For 4 cases, the household member's social security card is not in the case file for the following case numbers:

   a. 33-29357-11
   b. 33-45496-02
   c. 33-45683-01
   d. 33-71093-02

3. For all cases, there is no documentation to support that income and eligibility verification system (IEVS) was used to verify eligibility.

Cause:

There appears to be weak internal controls over record keeping. Furthermore, Government of Guam management believes that use of the IEVS is voluntary.

Effect:

The Government of Guam is in noncompliance with applicable eligibility requirements. A questioned cost of $25,671 exists (50% Federal share of total questionable costs of $51,341).

Prior Year Status:

The above condition is reiterative of conditions identified in our prior year audit of the Government of Guam.

Recommendation:

The Department of Public Health and Social Services should strengthen record keeping controls to ensure that case files are maintained on file for at least three years to substantiate eligibility and that IEVS is implemented in accordance with applicable eligibility requirements.

Finding No.:	05-24, Continued
Federal Agency:	U.S. Department of Health and Human Services
CFDA No.	93.778
Program Name:	Medicaid
Grant Number:	75X0512
Area:	Eligibility
Questioned Costs:	$25,671

Auditee Response and Corrective Action Plan:

The Program Office provided the following response:

[For Condition 1,] we *agree* with the following case as we are *unable to locate* the case file: 33-73533-03.

[For Condition 2,] we *agree* with the following 3 citations as we are *unable to locate* the social security card: 33-45496-02/ 33-45683-01/ 33-71093-02. We request additional time to locate the social security card for the following citation: 33-29357-11.

[For Condition 3,] we *agree* to this finding. However, a new "PAGU" computer system is being implemented that will correct this deficiency.

GOVERNMENT OF GUAM

Schedule of Findings and Questioned Costs, Continued
Year Ended September 30, 2005

Finding No.:	05-25
Federal Agency:	U.S. Department of Health and Human Services
CFDA No.	93.778
Program Name:	Medicaid
Grant Number:	75X0512
Area:	Special Tests and Provisions – ADP Risk Analysis and System Security Review
Questioned Costs:	$0

Criteria:

In accordance with applicable requirements, the grantee must establish and maintain a program for conducting periodic risk analyses to ensure that appropriate, cost effective safeguards are incorporated into new and existing systems.

Condition:

The Government of Guam did not provide reports to evidence that an analysis and a review were performed.

Cause:

There appears to be weak internal controls over compliance with the ADP risk analysis and system security review.

Effect:

The Government of Guam is in noncompliance with the above requirements.

Recommendation:

The Government of Guam should perform and document the necessary analysis and review as stated in the Program requirements.

Auditee Response and Corrective Action Plan:

The Government of Guam has not provided a response.

Finding No.:	05-26
Federal Agency:	U.S. Department of Health and Human Services
CFDA No.	93.778
Program Name:	Medicaid
Grant Number:	75X0512
Area:	Special Tests and Provisions – Provider Eligibility
Questioned Costs:	$0

Criteria:

In order to receive Medicaid payments, providers of medical services furnishing services must be licensed in accordance with Federal, State, and local laws and regulations to participate in the Medicaid program.

Condition:

The Government of Guam did not provide the medical provider's license for the following:

a. Loma Linda University Physician
b. Long Beach Memorial Medical Center
c. Packards Children's Hospital

Cause:

There appears to be weak internal controls over recordkeeping

Effect:

The Government of Guam is in noncompliance with the above requirements. No questioned cost is presented at this finding because we are unable to determine the actual cost associated with the condition.

Recommendation:

The Government of Guam should strengthen recordkeeping controls to ensure that pertinent documents are maintained.

Auditee Response and Corrective Action Plan:

The Government of Guam has not provided a response.

GOVERNMENT OF GUAM

Schedule of Findings and Questioned Costs, Continued
Year Ended September 30, 2005

Finding No.:	05-27
CFDA No.	97.004/97.067
Program Name:	Homeland Security Grant Program Cluster
Grant Number:	2003-TE-TX-0207; 2003-MU-T3-0054; 2005-GE-T5-0036
Area:	Procurement
Questioned Costs:	$138,431

Criteria:

In accordance with applicable procurement requirements, the grantee will maintain records sufficient to detail the significant history of a procurement. These records will include a rationale for the method of procurement, selection of contract type, contractor selection or rejection, and the basis for the contract price.

Condition:

Out of 17 transactions, aggregating $935,818 of $1,158,251 in total Program expenditures, we noted the following:

1. For 2 (or 12%), the prospective vendors were not given the minimum 15 days to respond to the request for proposal/quotation for the following:

Check Date	Transaction #	Vendor #	Guam Agency	Reference #	Amount	Grant Award #
03/03/05	0038543	C0097139	Office of the Gov	P056A00475	$ 49,678	2003-TE-TX-0207
03/03/05	0038543	C0097139	Office of the Gov	P056A00785	45,995	2003-TE-TX-0207
					$ 95,673	

2. For 1 (or 6%), the request for quotation specified a brand name for the following:

Check Date	Transaction #	Vendor #	Guam Agency	Reference #	Amount	Grant Award #
09/16/05	0073444	R3961401	Office of the Gov	P056A04984	$ 2,051	2003-MU-T3-0054

3. For 1 (or 6%), improper procurement procedures were followed (i.e., the competitive sealed bidding method was not applied) for the following:

Check Date	Transaction #	Vendor #	Guam Agency	Reference #	Amount	Grant Award #
07/08/05	0062730	D0096987	Office of the Gov	P056A02942	$ 35,707	2003-MU-T3-0054

4. For 2 (or 12%), no procurement documents were provided for the following:

Check Date	Transaction #	Vendor #	Guam Agency	Reference #	Amount	Grant Award #
04/19/05	0049327	H0097062	Office of the Gov	D050280006	$ 5,000	2003-MU-T3-0054
10/07/05	0079083		Office of the Gov	P056A08068	$11,000	2005-GE-T5-0036

However, as transaction number 0079083 was for advertisements on television in conjunction with the only television local news station on Guam, no questioned costs result from this transaction.

Cause:

Government of Guam management did not enforce established procurement regulations.

Finding No.:	05-27, Continued
CFDA No.	97.004/97.067
Program Name:	Homeland Security Grant Program Cluster
Grant Number:	2003-TE-TX-0207; 2003-MU-T3-0054; 2005-GE-T5-0036
Area:	Procurement
Questioned Costs:	$138,431

Effect:

The Government of Guam is in noncompliance with applicable procurement requirements. A questioned cost of $138,431 exists.

Recommendation:

Government of Guam management should enforce established procurement regulations. Prior to preparing a purchase order or contract, the responsible personnel should ensure the rationale for selecting each vendor is documented in accordance with applicable procurement regulations. To effect resolution of this finding, the requested procurement documents should be provided.

Auditee Response and Corrective Action Plan:

The Government of Guam provided the following response.

[For Condition 2,] Buyers have been instructed to always indicate "or equal" on the request for quotation in referencing a brand name or part numbers.

[For Condition 3,] Disagree with finding.

For Transaction #0077251 and #0067880 contains evidence wherein request for quotations were issued not because it was required by 5GCA Section 5122, however GSA used the response to comply with the 10% calculation as required by 5GCA Section 5122. Calculations were indicated on the abstract for each of the transaction numbers noted above. Therefore, proper procurement procedures were followed in the processing of these requests.

In addition, I disagree with the recommendations noted: *Furthermore, competitive sealed bids should be obtained for procurement transactions in excess of the small purchase threshold prior to attempting procurement from the United States General Services Administration.* Disagreement is due to unnecessary cost to be incurred by the government to issue competitive sealed bids for purposes of price evaluation. The government is liable to pay for bid cost to bidders due to improper cancellations of sealed bids. The government will also be incurring advertisement cost, copying of bid packages, labor hours in preparing sealed bid packages, etc. Therefore, it is improper to mislead the prospective bidders that the government will be making awards when actually the government is only issuing sealed bids for price comparison purposes. In closing, the United States General Services Administration has issued a competitive sealed bid to establish the existing GSA Federal Schedule which means that the established GSA Schedule is an existing contract that has been pre-solicited prior to the issuance of the annual GSA Federal Schedule.

Finding No.:	05-27, Continued
CFDA No.	97.004/97.067
Program Name:	Homeland Security Grant Program Cluster
Grant Number:	2003-TE-TX-0207; 2003-MU-T3-0054; 2005-GE-T5-0036
Area:	Procurement
Questioned Costs:	$138,431

Auditors' Response:

Regarding Condition 3, according to the Government of Guam procurement regulations, except for applicable use of the procurement methods of small purchases, sole source, or emergency, all contracts shall be procured by competitive sealed bidding. The intent of the General Services Agency should be to afford all vendors the opportunity to respond to a bid. Application of 5GCA Section 5122 should occur only after the results of the competitive sealed bidding process indicates that a cost savings of at least 10% would result. Therefore, as the transaction at Condition 3 exceeds the small purchases threshold of $15,000, and competitive sealed bidding was not applied, the finding remains.

Finding No.: 05-28
CFDA No. All major programs, except 97.004/97.067
Area: Cash Management
Questioned Costs: $0

Criteria:

In accordance with applicable cash management requirements, the time elapsed between the receipt of Federal funds and the clearance of disbursed checks should be minimized. Based on our review of the Treasury-State Agreement, the specified clearance pattern for Guam is 1 day.

Condition:

For 102 (or 33%) of 312 transactions tested, the time elapsed between the receipt of Federal funds and the clearance of disbursed checks exceeded one day, ranging from 2 to 284 days, as follows:

CFDA #	# of Transactions
10.551/10.561	2
11.419	8
15.875	36
17.258/17.259/17.260	5
20.600	5
66.600	4
84.126A	2
93.104	5
93.283	8
93.778	27
	102

Cause:

The Government of Guam lacks a uniform policy of drawing down Federal funds. Furthermore, it appears that no clearance pattern study was conducted prior to submitting a proposed 1-day clearance pattern for the Treasury-State Agreement.

Effect:

The Government of Guam may be in noncompliance with applicable cash management requirements. There is no net liability for FY 2005, as determined in writing by the U.S. Department of Treasury.

Recommendation:

The Government of Guam should establish and implement a uniform policy for drawing down Federal funds to ensure that the time elapsed between the receipt of Federal funds and the check disbursement is minimized. The established procedures should be sufficiently detailed so that any given drawdown can be easily traced to the Federal cash receipt date and the check disbursement date(s); likewise, any given check disbursement can be easily traced to the Federal cash receipt date. Furthermore, prior to submitting proposed clearance patterns for future Treasury-State Agreements, Government of Guam management should perform a detailed study of actual clearance periods for categories of payments (i.e., payroll, welfare, local vendors, non-local vendors, etc.).

Auditee Response and Corrective Action Plan:

The Government of Guam has not provided a response.

Finding No.:	05-29
CFDA No.	All major programs
Area:	Equipment Management
Questioned Costs:	$0

Criteria:

In accordance with Section 32(d) of the Common Rule, Equipment Management Requirements, governmental agencies that acquire equipment through Federal funds are required to perform a physical inventory and reconcile such to the property records at least once every two years. In addition, adequate maintenance procedures must be established to keep the property in good condition.

Condition:

The Government of Guam has not conducted the required comprehensive physical inventories of its equipment.

Cause:

The Government is currently in the process of implementing its fixed asset management system. Efforts are being made to tag all equipment with bar code property identification labels. Until the Government completes tagging of all equipment, it will not be able to conduct a physical inventory.

Effect:

The Government is in noncompliance with applicable Federal regulations.

Prior Year Status:

The above condition is reiterative of conditions identified in our prior year audit of the Government of Guam.

Recommendation:

The Government of Guam should complete tagging of all equipment and conduct a physical inventory immediately thereafter.

Auditee Response and Corrective Action Plan:

The Government of Guam has not provided a response.

Finding No.:	05-30
CFDA No.	All major programs
Area:	Allowable Costs/Cost Principles
Questioned Costs:	$0

Criteria:

In accordance with applicable cost principles, only approved rates should be used to calculate indirect costs.

Condition:

Indirect costs reported for FY 2005 are based on rates in the Indirect Cost Negotiation Agreement for FY 2004, which was no longer effective for periods after September 30, 2004.

Cause:

The Government of Guam has not yet received an approved indirect cost negotiation agreement for FY 2005. Indirect cost rate proposals were submitted to the cognizant agency subsequent to FY 2005.

Effect:

The Government of Guam is in noncompliance with applicable cost principles. There is no questioned cost presented at this finding, as indirect costs for FY 2005 have not yet been charged to the Federal Grants Fund. Furthermore, due to the delayed submission of indirect cost rate proposals, the Government of Guam runs the risk of having Federal grants expire and of losing indirect cost recoveries.

Recommendation:

Absent an approved indirect cost negotiation agreement for the current fiscal year, the Government of Guam should obtain, in writing, Federal grantor agency approval to apply expired rates. Furthermore, the Government of Guam should strengthen internal controls to ensure that indirect cost rate proposals are submitted to the cognizant agency in a timely manner.

Auditee Response and Corrective Action Plan:

The Government of Guam has not provided a response.

Finding No. 05-31

External Financial Reporting

Criteria: Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, requires that the financial statements of the reporting entity include component units for which the primary government is either financially accountable, or for which exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Condition: The following autonomous agencies that are considered to be component units of GovGuam were unable to produce audited financial statements in time for inclusion into GovGuam's financial statements for 2005:

1. Guam Memorial Hospital Authority
2. Ancestral Land Trust Commission
3. Guam Public Utilities Commission
4. Department of Chamorro Affairs Chamorro Village
5. Department of Chamorro Affairs Guam Museum
6. Guam Council on the Arts and Humanities Agency
7. Various Mayors' offices on Guam

For item # 1, unaudited financial statements were provided for inclusion into GovGuam's financial statements; however, since this entity was considered a material component unit of GovGuam, exclusion of audited financial statements resulted in a qualification of GovGuam's audit opinion.

For item #s 2 through 7, although these entities were not considered material to GovGuam's financial statements, such should be included for a full and complete presentation. A request was made by DOA for unaudited financial statements; however, no response was received by DOA from these respective agencies.

Cause: The cause of the above condition is the lack of audited financial statements for the respective entities.

Effect: The effect of the above condition is nonconformity with GASB Statement No. 14 resulting in a qualification in the opinion on the financial statements of GovGuam.

Recommendation: We recommend that GovGuam conform to GASB Statement No. 14 by obtaining audited financial statements of the above entities for inclusion within the financial statements.

Auditee Response and Corrective Action Plan: The Department of Administration (DOA) concurs with the findings of the auditor. As a corrective action, DOA will send a memorandum prior to the end of the fiscal year reminding the autonomous agencies of their responsibility to provide their financial statements.

Finding No. 05-32

Receivables

Criteria: Collectibility of receivables should be monitored. Furthermore, collection efforts should be enforced at all times to ensure that account balances are current.

Condition: At September 30, 2005, GovGuam recorded the following significant accounts receivable and travel advance balances with amounts owing that are greater than 90 days old as follows:

G/L Account #	Account Description	Amount	% > 90 Days Old
110011498	A/R – Use Tax	$ 2,391,628	$ 2,266,812
110012111	Bad Checks – Misc,	$ 619,442	$ 611,936
110012112	Bad Checks – Misc.	$ 1,530,674	$ 1,530,674
110012120	Travel Advances	$ 1,134,250	$ 1,117,107

Due to the uncertainty of collection, GovGuam has recorded a corresponding allowance for uncollectible receivables for the entire receivable balances.

Cause: The cause of the above condition is the lack of timely collection efforts to ensure that accounts receivable and travel advance balances are current.

Effect: There is no effect on the financial statements as these receivable balances have been fully provided for within the allowance for uncollectible receivables.

Recommendation: We recommend that GovGuam increase collection efforts on receivable balances that are greater than 90 days old. Furthermore, we recommend that GovGuam adhere to established revenue recognition criteria wherein revenues be recognized on the modified accrual basis of accounting. For travel advances, we recommend that GovGuam increase collection efforts via payroll allotment procedures.

Auditee Response and Corrective Action Plan: The Department of Administration (DOA) concurs with the findings of the auditor. We had concentrated our efforts in implementing controls to the prevention of the growth of our current Accounts Receivables. The Department of Customs and Quarantine currently holds the release of shipments until the vendor is current with outstanding receivables. This helps to prevent the current Use Tax receivable from growing and helps to reduce the current outstanding balance. DOA has implemented various control and collection policies for the recordation and collection of bad checks. These improvements will be fully realized by our Fiscal Year 2007 audit. Travel Advances will record a significant decrease in the rate of growth of outstanding clearances for the following audit due to the current practice of offsetting payment against payroll for government employees with outstanding travel records.

Finding No. 05-32, Continued

Auditee Response and Corrective Action Plan, Continued: Management continues to explore legal remedies and possible legislation in the form of tax offsets for the recovery of outstanding receivables. Additionally, the feasibility of outsourcing collections is still actively being discussed.

Finding No. 05-33

Deposit Liabilities

Criteria: Child support collections and disbursements should be supported by a detailed subsidiary ledger and be reconciled to the general ledger in a timely manner.

Condition: At September 30, 2005, GovGuam recorded a liability with a general ledger balance of $4,981,831 (G/L Account # 110027000) relating to child support collections payable to recipients. GovGuam maintains a separate bank account within the general ledger (G/L Account # 110010415) specifically for child support collections. As of September 30, 2005, GovGuam recorded a bank balance amount within this account of $2,838,042. No supporting subsidiary ledger was made available to support the liability account. Furthermore, no explanation was made available to explain the difference of $2,143,789 between the liability account and the recorded bank balance amount.

Cause: The cause of the above condition is the lack of adequate internal control procedures over the reconciliation of child support collections and disbursements.

Effect: The effect of the above condition is the potential misstatement of child support liability balances.

Recommendation: We recommend that GovGuam establish procedures to ensure the timely reconciliation of general ledger balances relating to child support collections and disbursements.

Auditee Response and Corrective Action Plan: The statement – "No supporting subsidiary ledger was made available to support the liability account" – is not entirely a true and correct statement. Subsidiary ledgers do exist in the "APASI" system of the Child Support Enforcement Division. What was not made available was a schedule/listing extracted out of the "APASI" system because only "COVANSYS" staff have the access to extract such information. The question was referred to their mainland office and they referred it back to CSED. Had "COVANSYS" been able to generate/print the schedule/listing, it would have an estimate of twelve thousand (12,000) account balances only for active clients. Currently, there are more than fourteen thousand (14,000) accounts in the "APASI" system.

We agree that an explanation for the difference between the liability account and the recorded bank balance was not provided. We recognized the materiality of the issue and therefore, management of the Child Support Enforcement Division and the Department of Administration agreed to partner in the endeavor to pursue the resolution to this issue.

GOVERNMENT OF GUAM

Summary of Unresolved Questioned Costs Arising from
Prior Year Single Audits
Year Ended September 30, 2005

	Prior Year Listed Unresolved Questioned Costs	Questioned Costs Resolved During the Year	End of Year
Unresolved Questioned Costs FY 99	$ 6,563,327	$ 6,563,327	$ -
Unresolved Questioned Costs FY 00	8,580,076	5,671,616	2,908,460
Unresolved Questioned Costs FY 01	5,526,736	1,349,360	4,177,376
Unresolved Questioned Costs FY 02	2,708,552	929,070	1,779,482
Unresolved Questioned Costs FY 03	1,243,982	410,078	833,904
Unresolved Questioned Costs FY 04	514,486	289,027	225,459
	$ 25,137,159	$ 15,212,478	9,924,681
Add Questioned Costs for FY 2005			584,348
Total Unresolved Questioned Costs at September 30, 2005			$ 10,509,029

GOVERNMENT OF GUAM

Summary of Unresolved Questioned Costs Arising from Prior Year Single Audits, Continued Year Ended September 30, 2005

CFDA #		2005	2004	2003	2002	2001	2000	Total
10.551/ 10.561	Food Stamps	$ 127,680	$ -	$ -	$ -	$ -	$ -	$ 127,680
11.419	Coastal Zone Mgmt	53,478	-	-	-	-	-	53,478
15.875	Compact Impact	54,236	28,512	55,665	-	378,178	-	516,591
16.579	Byrne Formula Grant	-	-	277,427	-	-	-	277,427
17.258/ 17.259/ 17.260	WIA Cluster	48,412	-	-	-	-	-	48,412
20.205	Highway Planning and Construction	-	-	102,231	611,014	36,498	18,365	768,108
20.600	Highway Safety	26,284	-	-	-	-	-	26,284
66.600	Environmental Protection	12,808	21,107	-	-	-	-	33,915
83.541	DUA	-	-	9,855	-	-	-	9,855
83.543	IFG	-	-	-	10,588	-	-	10,588
83.544	Public Assistance Grants	-	-	308,538	153,987	2,505,157	2,873,083	5,840,765
83.548	Hazard Mitigation Grant	-	-	-	-	145,150	17,012	162,162
84.126	Voc. Rehabilitation	57,607	-	-	-	-	-	57,607
93.044	Aging Cluster	-	-	-	367,958	-	-	367,958
93.283	CDC	39,741	-	-	-	-	-	39,741
93.558	TANF	-	-	12,000	14,942	543,972	-	570,914
93.563	Child Support Enforcement	-	97,548	66,426	620,993	-	-	784,967
93.575	CCDF	-	-	-	-	568,421	-	568,421
93.778	Medicaid	25,671	62,592	1,762	-		-	90,025
93.994	Maternal and Child Health	-	15,700	-	-	-	-	15,700
97.004/ 97.067	Homeland Security	138,431	-	-	-	-	-	138,431
	Totals	$ 584,348	$ 225,459	$833,904	$1,779,482	$4,177,376	$2,908,460	$ 10,509,029

GOVERNMENT OF GUAM

Summary of Unresolved Questioned Costs Arising from
Prior Year Single Audits, Continued
Summary Schedule of Resolved Prior Audit Findings as
Represented by the Government of Guam
Year Ended September 30, 2005

Finding #	CFDA #	Questioned Costs Resolved in 2005	Responding Office
99-10	83.544	$ 6,563,327	OMB Circular A-133, Section .315(b)(4)
2000-04	15.875	3,249,240	OMB Circular A-133, Section .315(b)(4)
2000-05	15.875	88,287	OMB Circular A-133, Section .315(b)(4)
2000-06	15.875	38,380	OMB Circular A-133, Section .315(b)(4)
2000-11	83.544	6,330	OMB Circular A-133, Section .315(b)(4)
2000-87	83.544	75,871	OMB Circular A-133, Section .315(b)(4)
2000-87	15.875	150,683	OMB Circular A-133, Section .315(b)(4)
2000-87	84.186	17,612	OMB Circular A-133, Section .315(b)(4)
2000-87	93.778	2,045,213	OMB Circular A-133, Section .315(b)(4)
2001-03	15.605/15.611	61,712	USFWS Pacific Region, April 20, 2006
2001-07	15.605/15.611	277,702	USFWS Pacific Region, April 20, 2006
2001-15	15.875	2,639	OMB Circular A-133, Section .315(b)(4)
2001-17	66.600	128,752	U.S. EPA, February 23, 2004
2001-18	66.600	64,102	U.S. EPA, February 23, 2004
2001-41	93.563	103,593	OMB Circular A-133, Section .315(b)(4)
2001-42	93.563	45,497	OMB Circular A-133, Section .315(b)(4)
2001-47	93.563	46,071	OMB Circular A-133, Section .315(b)(4)
2001-50	93.575	65,185	OMB Circular A-133, Section .315(b)(4)
2001-54	93.667	21,826	OMB Circular A-133, Section .315(b)(4)
2001-56	93.667	27,160	OMB Circular A-133, Section .315(b)(4)
2001-57	93.667	40,879	OMB Circular A-133, Section .315(b)(4)
2001-60	93.778	464,242	OMB Circular A-133, Section .315(b)(4)
2002-01	15.875	52,520	OMB Circular A-133, Section .315(b)(4)
2002-02	15.875	626,490	OMB Circular A-133, Section .315(b)(4)
2002-04	16.523	77,068	U.S. Dept. of Justice, March 26, 2006
2002-05	16.523	138,059	U.S. Dept. of Justice, March 26, 2006
2002-06	16.710	1,721	U.S. Dept. of Justice, March 26, 2006
2002-18	83.541	9,013	U.S. Dept. of Labor, March 14, 2006
2002-19	83.541	23,617	U.S. Dept. of Labor, March 14, 2006
2002-20	83.541	582	U.S. Dept. of Labor, March 14, 2006
2003-01	17.258/259/290	4,104	U.S. Dept. of Labor, April 7, 2006
2003-03	17.258/259/290	30,733	U.S. Dept. of Labor, April 7, 2006
2003-08	17.258/259/290	150,747	U.S. Dept. of Labor, April 7, 2006
2003-09	66.600	207,829	U.S. EPA, July 12, 2005
2003-14	66.600	16,665	U.S. EPA, July 12, 2005
2004-03	17.258/259/260	289,027	U.S. Dept. of Labor, April 7, 2006
Total Questioned Costs Resolved		$ 15,212,478	

GOVERNMENT OF GUAM

BASIC FINANCIAL STATEMENTS, ADDITIONAL INFORMATION AND INDEPENDENT AUDITORS' REPORT

YEAR ENDED SEPTEMBER 30, 2005

GOVERNMENT OF GUAM

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INDEPENDENT AUDITORS' REPORT

Honorable Felix P. Camacho
Governor
Government of Guam:

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Government of Guam (GovGuam) as of and for the year ended September 30, 2005, which collectively comprise GovGuam's basic financial statements as set forth in Section II of the foregoing table of contents. These financial statements are the responsibility of the management of GovGuam. Our responsibility is to express an opinion on the respective financial statements based on our audit. We did not audit the financial statements of the GTA Privatization Proceeds Fund and the Interim Transition Coordinating Committee Fund, which represent 4%, 36% and 1%, respectively, of the assets, net assets and revenues of the governmental activities, the GovGuam Retirement Fund, which represents 88% and 63%, respectively, of the assets and revenues of the aggregate remaining fund information, and the Guam International Airport Authority, the Guam Housing and Urban Renewal Authority, the Guam Housing Corporation, and the Guam Educational Telecommunications Corporation, which represent 30% and 12%, respectively, of the assets and revenues of GovGuam's discretely presented component units. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the GTA Privatization Proceeds Fund, the Interim Transition Coordinating Committee Fund, the GovGuam Retirement Fund, the Guam International Airport Authority, the Guam Housing and Urban Renewal Authority, the Guam Housing Corporation, and the Guam Educational Telecommunications Corporation, is based solely on the reports of the other auditors.

Except as discussed in the following paragraphs, we conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the respective financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of GovGuam's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the respective financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of the other auditors provide a reasonable basis for our opinion.

Member of
Deloitte Touche Tohmatsu

While GovGuam's Department of Revenue and Taxation has provided the required data to reconcile to the records of GovGuam's Department of Administration - Division of Accounts, support for such data was insufficient for us to perform procedures to satisfy ourselves as to the effectiveness of the systems surrounding tax related balances recorded within GovGuam's General Fund and the aggregate remaining fund information of GovGuam, nor could we perform other procedures to enable us to satisfy ourselves with respect to tax related balances in the accompanying financial statements.

The financial statements of the Guam Memorial Hospital Authority have not been audited, and we were not engaged to audit these financial statements as part of our audit of GovGuam's basic financial statements. The financial activities of the Guam Memorial Hospital Authority are included in GovGuam's basic financial statements as discretely presented component units and represent 4% and 12% of the assets and revenues, respectively, of GovGuam's aggregate discretely presented component units.

In our opinion, based on our audit and the reports of other auditors, except for the effects on the respective financial statements of such adjustments, if any, as might have been determined to be necessary had we been able to substantiate tax related balances recorded within the General Fund, the aggregate remaining fund information, and the governmental activities, as discussed in the third paragraph above, and had the financial statements of the Guam Memorial Hospital Authority been audited, as discussed in the fourth paragraph above, such financial statements, as set forth in Section II of the foregoing table of contents, present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Government of Guam as of September 30, 2005, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis, on pages 4 through 12, as well as the Schedule of Revenues, Expenditures, and Changes in Deficit - Budget and Actual - General Fund and notes thereto, as set forth in Section III of the foregoing table of contents, are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. This supplementary information is the responsibility of the management of GovGuam. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit such information and we do not express an opinion on it.

Our audit was conducted for the purpose of forming an opinion on GovGuam's respective financial statements that collectively comprise GovGuam's basic financial statements. The Other Supplementary Information, as set forth in Section IV of the foregoing table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements of GovGuam. This supplementary information is the responsibility of the management of GovGuam. Such additional information has been subjected to the auditing procedures applied by us, and the other auditors, in the audit of the basic financial statements and, except for the effect of the matters described in the third and fourth paragraphs above, in our opinion, based on our audit and the reports of other auditors, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 9, 2006, on our consideration of the Government of Guam's (primary government only) internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Deloitte & Touche LLP

June 9, 2006

Our discussion and analysis of the Government of Guam ("GovGuam") financial performance provides an overview of GovGuam's financial activities for the fiscal year ended September 30, 2005. Please read it in conjunction with GovGuam's basic financial statements, which follow this section. Fiscal year 2004 comparative information has been included, where appropriate. The amounts included for fiscal year 2004 for the purpose of comparisons have been restated, as further detailed in the fiscal year 2005 notes to the basic financial statements.

FINANCIAL HIGHLIGHTS

- For the fiscal year ended September 30, 2005, GovGuam's total net assets decreased by $8.6 million (or 9.8%) from $88.5 million in the prior year to $79.9 million. This decrease is primarily attributable to an increase in expenses for governmental activities of $52.2 million as compared with prior year whereas revenues only increased by $31.4 million as compared with prior year. This net decrease in total net assets of $36.9 million was offset by an extraordinary item relating to the gain on sale of the Guam Telephone Authority ($28.3 million).

- During fiscal year 2005, GovGuam's expenses for governmental activities were $727.3 million, including expenses recorded or payments made or due to the autonomous agencies, and were funded in part by $241.8 million in program revenues and $448.6 million in taxes and other general revenues (excluding extraordinary items of $28.3 million). Expenses were up from fiscal year 2004 by $52.2 million (or 7.7%) whereas program revenues were down from fiscal year 2004 by $12.7 million (or 5.0%). This decrease in program revenues was primarily due to a decrease in operating grants and contributions ($15.3 million) offset by an increase in charges for services ($2.6 million).

- For the fiscal year ended September 30, 2005, the General Fund reported general fund appropriations (including transfers out) of $495.2 million, $30.4 million in excess of revenues (including transfers in) of $464.8 million, and were up $47.4 million (or 10.6%) from fiscal year 2004 primarily because of an increase in public education related expenditures (up $28.4 million or 19.4%), general government expenditures (up $5 million or 16.4%), and federal grant local match requirements (up $5.8 million or 28.9%).

- At September 30, 2005, the General Fund reported a total fund balance deficit of $344.0 million, which is an increase of $30.4 million from the prior year deficit of $313.6 million. This change in the deficit is primarily attributable to an increase in the deficit of the unreserved general fund balance of $30.9 million (or 8.9%) and reserve for related assets of $6.5 million (or 78.3%), offset by a decrease in continuing appropriations of $6.4 million (or 47.3%).

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to GovGuam's basic financial statements. GovGuam's basic financial statements comprise three components: 1) governmental-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains additional required supplementary information in the form of budgetary schedules, which are prepared on the budgetary basis of accounting, and other optional supplementary information, in addition to the basic financial statements themselves, which includes combining statements for governmental funds and component units.

Government-wide Financial Statements

The government-wide statements report information about GovGuam as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report GovGuam's net assets and how they have changed. Net assets - the difference between GovGuam's assets and liabilities - is one way to measure GovGuam's financial health or position.

- Over time, increases or decreases in GovGuam's net assets are an indicator of whether its financial health is improving or deteriorating, respectively.

- To assess the overall health of GovGuam you need to consider additional non-financial factors such as changes in GovGuam's tax base, the condition of GovGuam's roads and infrastructure, and the quality of services.

The government-wide financial statements of GovGuam are divided into two categories:

- Primary government - this grouping comprises governmental activities, which includes most of GovGuam's basic services such as education, public safety, health, finance, judiciary, and general administration. Local sourced tax revenues and other federal grants finance most activities of the primary government.

- Discretely presented component units - GovGuam includes numerous other entities in its report. Although legally separate, these "component units" are important because GovGuam is financially accountable for them.

Fund Financial Statements

The fund financial statements provide more detailed information about GovGuam's most significant funds - not GovGuam as a whole. Funds are accounting devices that GovGuam uses to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by enabling legislation.

- GovGuam establishes other funds to control and manage money for particular purposes (like Solid Waste Operations Fund) or to show that it is properly using certain grants (like federal grants reported in the Federal Grants Fund).

GovGuam has two kinds of funds:

- Governmental funds - Most of GovGuam's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of GovGuam's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance GovGuam's programs.

Fund Financial Statements, Continued

- Fiduciary funds - GovGuam is the trustee, or fiduciary, for other assets that because of trust arrangement, can be used only for the trust beneficiaries. GovGuam is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of GovGuam's fiduciary activities are reported in a separate statement of fiduciary net assets and a statement of change in fiduciary net assets. We exclude these activities from GovGuam's government-wide financial statements because GovGuam cannot use these assets to finance its operations.

A FINANCIAL ANALYSIS OF GOVGUAM AS A WHOLE

Net assets may serve over time as a useful indicator of a government's financial position. At the end of fiscal year 2005, GovGuam's assets exceeded liabilities by $79.9 million. However, all these net assets are either restricted as to the purpose they can be used for or are invested in capital assets. GovGuam uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although GovGuam's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate the liabilities. The summary of Net Assets (condensed) presented below, with comparable balances for fiscal year 2004, as restated, discloses this relationship:

GovGuam's Net Assets
As of September 30

	2005	2004
Current and other assets	$ 222,934,856	$ 253,113,093
Capital assets	716,448,507	732,640,813
Total Assets	939,383,363	985,753,906
Long-term liabilities	421,147,193	423,163,768
Other liabilities	438,397,771	474,098,851
Total Liabilities	859,544,964	897,262,619
Net assets:		
Invested in capital assets, net of related debt	479,771,922	477,395,169
Restricted net assets	83,926,153	65,614,367
Unrestricted net assets	(483,859,676)	(454,518,249)
Total net assets	$ 79,838,399	$ 88,491,287

At the end of fiscal year 2005, GovGuam's unrestricted net assets showed a deficit of $483.9 million, an increase of $29.3 million (or 6.5%) from the prior year deficit. This deficit is the result of having long-term commitments that are greater than currently available resources. Specifically, GovGuam did not include in past annual budgets the full amounts needed to finance future liabilities arising from outstanding bonds payable and other loans as well as to pay for unfunded pension liabilities, closure and post closure costs of the Ordot Dump, and unused employee leave balances. GovGuam will include these amounts in future years' budgets as they become due.

Changes in Net Assets

For the year ended September 30, 2005, net assets of the primary government decreased by $8.6 million, a decrease of 9.8% from the prior year's net assets, as restated, of $88.5 million. This result indicates that GovGuam's financial condition, as a whole, decreased from the prior year. For the year ended September 30, 2005, net assets of the primary government changed as follows, with comparable amounts for fiscal year 2004:

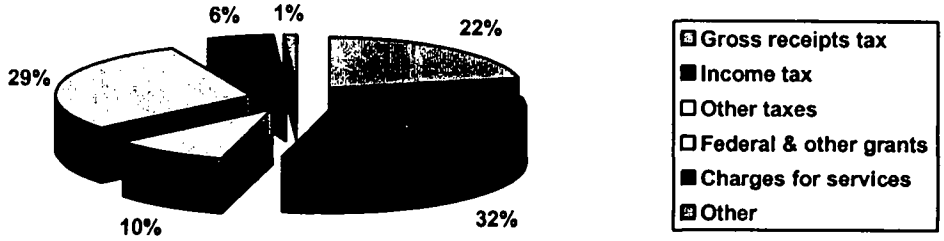
GovGuam's Changes in Net Assets
For the Year Ended September 30

	2005	2004
Revenues:		
Program revenues:		
Charges for services	$ 38,062,638	$ 35,493,840
Operating grants and contributions	203,760,325	219,041,228
General revenues:		
Taxes	440,267,503	383,665,309
Investment earnings	5,556,348	1,933,777
Other	2,778,329	18,915,699
Total revenues	690,425,143	659,049,853
Expenses:		
General government	85,600,345	59,605,661
Protection of life and property	82,818,103	80,174,423
Public health	64,134,787	56,670,189
Community services	34,362,282	48,078,057
Recreation	6,208,877	4,280,695
Individual and collective rights	44,328,485	52,881,597
Transportation	27,553,740	20,327,892
Public education	240,547,641	219,796,878
Environmental protection	10,089,734	5,322,000
Economic development	9,364,630	13,572,771
Interest expense (unallocated)	15,797,611	17,444,617
Transfers to persons	4,912,336	988,869
Payments to autonomous agencies	79,854,886	79,015,267
Payments to private purpose trusts	1,123,529	3,066,133
Interest on tax refunds	2,247,188	2,146,092
Capital projects	4,653,137	-
Other	13,759,647	11,769,271
Total expenses	727,356,958	675,140,412
Deficiency before special and extraordinary items	(36,931,815)	(16,090,559)
Special items	-	23,887,350
Extraordinary items	28,278,927	-
Change in net assets	$ (8,652,888)	$ 7,796,791

GovGuam's revenues from governmental activities, including local revenues, totaled $690.4 million in fiscal year 2005. The cost of governmental activities totaled $727.3 million; the deficiency of $36.9 million being offset with extraordinary items of $28.3 million representing an overall decrease in net assets of $8.6 million.

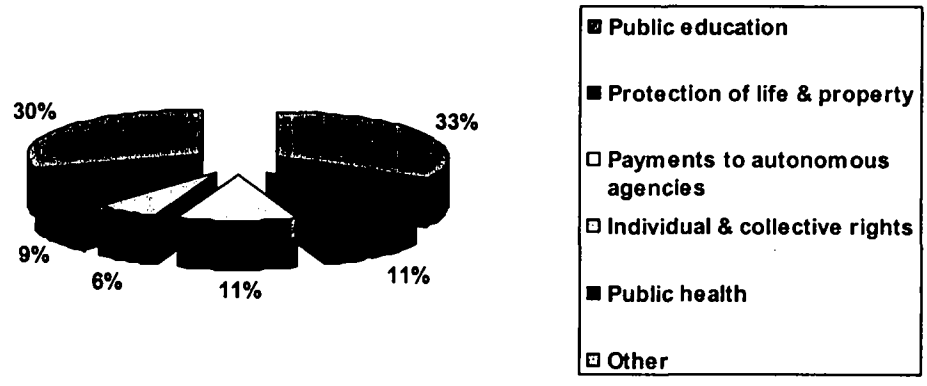
Graphs 1 and 2 below show the major components of revenues and cost of governmental activities.

Graph 1
GovGuam's Revenue Sources
For the Year Ended September 30, 2005



As in prior years, local sourced tax revenues and federal and other grants are the major sources of revenue for GovGuam, which comprises of 64% and 29%, respectively, of the total revenues for fiscal year 2005.

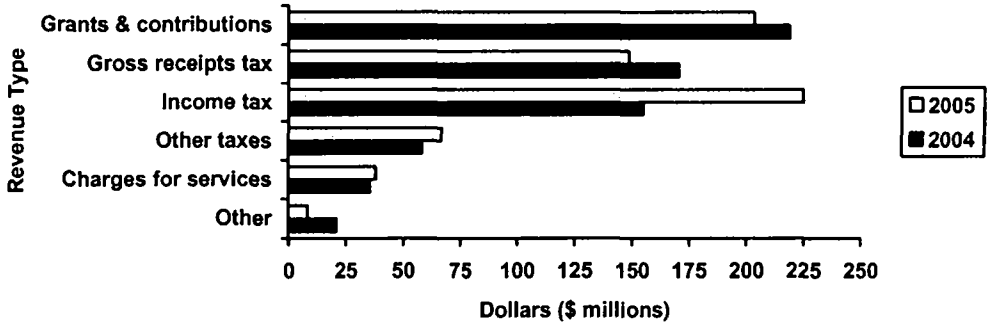
Graph 2
GovGuam's Cost of Governmental Activities
For the Year Ended September 30, 2005



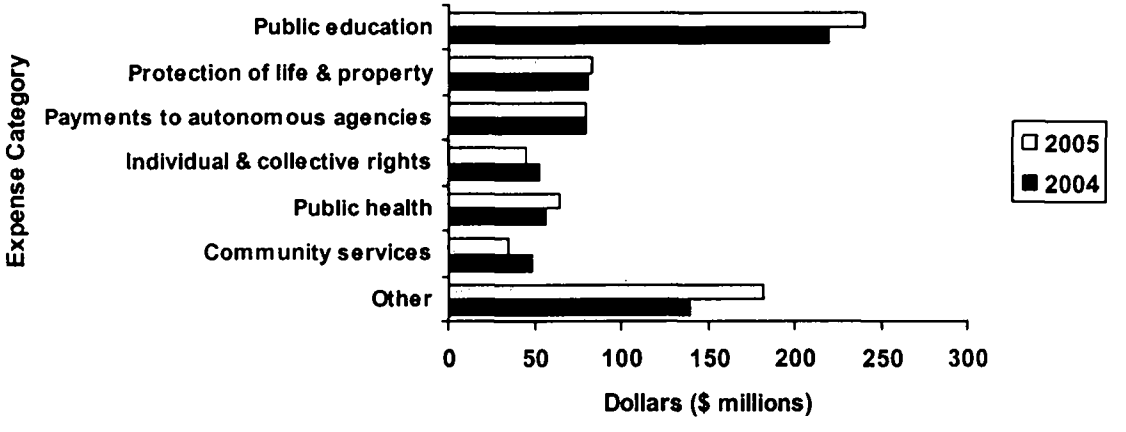
Other expenses that make up a portion of the costs of governmental activities include general government expenses ($85.6 million), community services ($34.4 million), environmental protection ($10.1 million), economic development expenses ($9.4 million), unallocated interest expense ($15.8 million), transportation expenses ($27.6 million), recreation ($6.2 million), transfer to persons ($4.9 million), capital-related expenses ($4.7 million), interest payments on tax refunds ($2.2 million), and miscellaneous payments ($14.9 million).

Graphs 3 and 4 below show a comparison of the major components of revenues and cost of governmental activities for fiscal years 2004 and 2005.

Graph 3
GovGuam's Revenue Sources
For the Years Ended September 30



Graph 4
GovGuam's Cost of Governmental Activities
For the Years Ended September 30



Other expenses in fiscal year 2005 included general government expenses of $85.6 million, up from $59.6 million (or 43.6%) in fiscal year 2004, transportation expenses of $27.6 million, up from $20.3 million (or 35.5%) in fiscal year 2004, economic development expenses of $9.4 million, down from $13.6 million (or 31%) in fiscal year 2004, unallocated interest expense of $15.8 million, down from $17.4 million (or 9.4%) in fiscal year 2004, and transfers to persons of $4.9 million, up from $1.0 million (or 396.8%) in fiscal year 2004.

FINANCIAL ANALYSIS OF GOVGUAM'S FUNDS

As noted earlier, GovGuam uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. As of the end of fiscal year 2005, GovGuam's governmental funds reported a combined fund balance deficit of $204.1 million, which represents an increase of $5.4 million (or 2.7%) in comparison with the fiscal year 2004 combined fund balance deficit of $198.7. This decrease is primarily attributable to the increase in fund balance deficit of the general fund of $30.4 million, the decrease in fund balance of the capital projects funds and debt service funds of $3.1 million and $10.0 million, respectively, offset by an increase in fund balance of the special revenue funds (up $49.9 million). Of this total combined fund balance deficit, $159.4 million is reserved to indicate that it is not available for new spending because it has already been committed: 1) to liquidate contracts and purchase orders of the prior period ($54.7 million); 2) to fund debt service-related activities ($37.2 million); 3) to liquidate continuing appropriation commitments ($24.0 million); or 4) for a variety of other restricted purposes. The combined unreserved fund deficit of GovGuam's governmental funds is $363.5 million, an increase of $11.7 million (or 3.5%) from fiscal year 2004. This deficit will be funded through future budgetary surpluses.

General Fund Budgetary Highlights

During the course of the fiscal year, management and elected officials of GovGuam revised the General Fund budget. The revised budget included an increase in overall general fund appropriations of $0.9 million. The primary reason for the upward revision in general fund appropriations was due to the roll-over of encumbrances from fiscal year 2004.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

GovGuam's investment in capital assets for its governmental activities as of September 30, 2005 amounted to $924.2 million, with (net of) accumulated depreciation of $207.7 million, leaving a net book value of $716.5 million. GovGuam's capital assets include land, infrastructure, buildings, machinery and equipment, and various projects under construction. (See table below). This represents a decrease of $16.2 million (or 2.2%) from fiscal year 2004.

GovGuam's Capital Assets
September 30, 2005 and 2004

	2005	2004
Non-depreciable:		
Land	$ 11,271,444	$ 10,440,927
Construction in progress	46,208,255	42,166,116
	57,479,699	52,607,043
Depreciable:		
Infrastructure	513,891,273	511,740,890
Buildings	308,010,799	307,947,795
Machinery and equipment	44,785,754	38,509,379
	866,687,826	858,198,064
Accumulated depreciation	(207,719,018)	(178,164,294)
	658,968,808	680,033,770
Total capital assets, net	$ 716,448,507	$ 732,640,813

Capital Assets, Continued

Major capital asset additions for fiscal year 2005 were as follows:

- $2.2 million road improvements to the Tumon Bay restoration project.
- $3.2 million for the purchase of school buses and $0.9 million for computer equipment.
- $1.5 million for road construction for Route 4, Yona to Ylig Bridge.

Additional information on GovGuam's capital assets can be found in note 1L to the basic financial statements.

Long-term Debt

The Organic Act authorizes GovGuam to borrow for such purposes as approved by the Legislature. GovGuam has entered into seven separate long-term debt obligations, as indicated below. No new long-term debt obligations were incurred by GovGuam during the year ended September 30, 2005 with overall long-term debt obligations decreasing by $40.3 million (or 12.3%) in fiscal year 2005.

GovGuam's Outstanding Debt
September 30, 2005 and 2004

	2005	2004
Limited Obligation (Section 30) Bonds, 2001 Series A	$ 57,530,000	$ 64,240,000
General Obligation Bonds, 1993 Series A	123,685,000	129,595,000
General Obligation Bonds, 1995 Series A	2,085,000	18,960,000
Limited Obligation Highway Refunding Bonds, 2001 Series A	35,505,000	39,770,000
Limited Obligation Infrastructure Improvement Bonds, 1997 Series A	55,825,000	60,110,000
Judicial Building Fund - Farmers Home Administration	4,291,545	4,863,863
General Fund - Note payable	7,364,634	9,207,497
	$ 286,286,179	$ 326,746,360

Additional information on GovGuam's long-term debt can be found in note 3 to the basic financial statements.

ECONOMIC FACTORS AND NEXT YEAR BUDGETS AND RATES

Guam benefits from being the westernmost territory of the United States, in close proximity to Asian nations bordering the Pacific Ocean. Guam is a strategic military location and is home to many domestic and international corporations that serve our tourists and military markets. Since 2002, Guam has suffered from the effects of the Gulf/Iraq war, Asian SARS epidemic, typhoon Chata'an in July 2002, and super-typhoon Pongsona in December 2002. The consequences of these events resulted in the loss of private sector jobs, fewer tourist arrivals and increased expenditures in reconstruction efforts. Although Guam has not experienced significant natural disasters since 2002, uncertainties about homeland security and international terrorism, fears surrounding the Asian SARS epidemic and rising fuel costs have dampened our economy from a robust recovery.

Employees on payroll across all industries totaled 57,710 for the third quarter of 2005, an increase of 400 employees compared with the same period in 2004. Although the private sector saw a net increase of 490 paid employees, their average weekly earnings decreased by $11.39 compared with the same period in 2004. The unemployment rate for Guam is currently 7.7% as of March 2004, a decrease of 32.5% when compared to 11.4% for the same period in 2002 (2005 and 2003 N/A). The total number of payroll employment for the first quarter of 2004 was 57,810 employees, an increase of 3.6% (2,030 workers) when compared with the same period in 2003.

Guam's Consumer Price Index (CPI) increased by 5.8% for the third quarter of 2005 when compared to the same period in 2004, with CPI reported at 120.74 for the third quarter of 2005. The purchasing power of the dollar in the third quarter of 2005 was $0.83 [Third quarter of 1996 = $100].

Visitor arrivals totaled 324,904 for the third quarter of 2005, a 2.6% increase (8,235 visitors) from the third quarter of 2004, and a 24.4% increase (62,046 visitors) when 2004 is compared to the third quarter of 2003. Hotel occupancy taxes have increased by 5.7% or $281,209 from the third quarter of 2004 to the third quarter of 2005, and have dramatically increased by 47.4% or $1.58 million from the third quarter of 2003 to the third quarter of 2004.

The number and aggregate value of building and construction permits issued on Guam for the third quarter of 2005 were 310 permits valued at $40,525,000, an increase of 8.8% in terms of the number of permits and an increase of 30.3% in terms of the aggregate value for the same period in 2004. On average, the value of permits has increased by 110.3% over this time period.

On September 30, 2005, the Governor signed the budget bill into law through Public Law 28-68 authorizing government operations for fiscal year 2006. The authorized budget included General fund revenues and expenditures of $435.1 million, which included funding priorities in education, public safety and healthcare.

CONTACTING GOVGUAM'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the Government of Guam's finances for all of Guam's citizens, taxpayers, customers, and investors and creditors. This financial report seeks to demonstrate the Island's accountability for the money it receives. Questions concerning any of the information provided in this report or request for additional information should be addressed to: Division of Accounts, Attention: Katherine B. Kakigi, Acting Controller, P.O. Box 884, Hagatña, Guam 96932. Telephone No: (671) 475-1169/1260 Facsimile: (671) 472-8483 Website Address: www.admin.gov.gu/doa/.

GOVERNMENT OF GUAM

Statement of Net Assets
September 30, 2005

	Primary Government	Component Units
ASSETS		
Current assets:		
Cash and cash equivalents	$ 56,603,115	$ 80,470,045
Time certificates of deposit	1,000,718	4,519,858
Investments	9,453,800	1,051,857
Receivables, net	64,221,129	99,462,129
Due from primary government	-	19,953,141
Due from private purpose trusts	42,890	-
Due from component units	-	2,107,171
Inventories	616,813	42,358,997
Other current assets	790,055	6,442,826
Restricted assets:		
Cash and cash equivalents	68,672,147	57,243,119
Investments	9,336,000	22,593,388
Receivables	-	1,650,545
Total current assets	210,736,667	337,853,076
Noncurrent assets:		
Investments	-	18,505,003
Receivables, net	10,000,000	23,496,882
Due from primary government	-	19,006,638
Due from component units	-	9,640,151
Capital assets, net of accumulated depreciation	716,448,507	1,336,900,031
Deferred charges	2,198,189	15,929,111
Other noncurrent assets	-	32,164,179
Restricted assets:		
Cash and cash equivalents	-	39,334,108
Investments	-	53,267,513
Total noncurrent assets	728,646,696	1,548,243,616
Total assets	$ 939,383,363	$ 1,886,096,692
LIABILITIES		
Current liabilities:		
Current portion of long-term obligations	$ 24,850,593	$ 41,053,697
Current portion of capital leases	-	5,166,796
Accounts payable and other current liabilities	113,445,090	103,748,415
Accrued interest payable	5,240,957	-
Tax refunds	215,098,046	-
Due to pension trust funds	28,641,014	-
Due to component units	19,953,142	2,107,171
Deferred revenue	24,730,711	10,138,600
Compensated absences payable	6,438,218	5,401,943
Total current liabilities	438,397,771	167,616,622
Noncurrent liabilities:		
Compensated absences payable	9,870,371	4,572,839
Capital leases, net of current portion	-	144,392,009
Tax refunds	2,011,582	-
Unfunded pension liability	99,944,914	22,357,252
DCRS sick leave liability	9,215,843	2,907,940
Long-term obligations, net of current portion	264,456,845	660,606,448
Due to component units	19,006,638	9,640,151
Other noncurrent liabilities	16,641,000	29,942,256
Total noncurrent liabilities	421,147,193	874,418,895
Total liabilities	859,544,964	1,042,035,517
NET ASSETS		
Invested in capital assets, net of related debt	479,771,922	584,720,764
Restricted for:		
Capital projects	2,307,727	-
Retirement of indebtedness	31,998,245	-
Other purposes	49,620,181	151,890,378
Unrestricted	(483,859,676)	107,450,033
Total net assets	79,838,399	844,061,175
Total liabilities and net assets	$ 939,383,363	$ 1,886,096,692

See accompanying notes to basic financial statements.

GOVERNMENT OF GUAM

Statement of Activities
Year Ended September 30, 2005

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets: Primary Government	Net (Expense) Revenue and Changes in Net Assets: Component Units
Primary government:						
Governmental Activities:						
General government	$ 85,600,345	$ 5,426,699	$ 63,512,246	$ -	$ (16,661,400)	$ -
Protection of life and property	82,818,103	10,533,366	7,053,158	-	(65,231,579)	-
Public health	64,134,787	2,265,542	24,032,285	-	(37,836,960)	-
Community services	34,362,282	7,331,260	15,284,451	-	(11,746,571)	-
Recreation	6,208,877	130,604	490,484	-	(5,587,789)	-
Individual and collective rights	44,328,485	1,637,752	8,941,471	-	(33,749,262)	-
Transportation	27,553,740	7,307,751	2,808,108	-	(17,437,881)	-
Public education	240,547,641	645,715	56,022,289	-	(183,879,637)	-
Environmental protection	10,089,734	686,291	3,747,431	-	(5,656,012)	-
Economic development	9,364,630	747,273	5,622,973	-	(2,994,384)	-
Interest (unallocated)	15,797,611	-	625,700	-	(15,171,911)	-
Transfer to persons	4,912,336	-	363,326	-	(4,549,010)	-
Payments to:						
Retirement Fund	2,992,627	-	-	-	(2,992,627)	-
Guam Memorial Hospital Authority	18,008,538	-	8,216,872	-	(9,791,666)	-
Guam Power Authority	5,518,960	1,245,076	4,273,884	-	-	-
University of Guam	30,977,048	-	226,044	-	(30,751,004)	-
Guam Visitors Bureau	10,187,022	-	-	-	(10,187,022)	-
Guam Community College	12,862,322	79,513	-	-	(12,782,809)	-
Superior court trust funds	1,123,529	-	-	-	(1,123,529)	-
Other component units	2,300,996	25,796	857,981		(1,417,219)	
Miscellaneous	13,014,208	-	492,250	-	(12,521,958)	-
Capital	4,653,137	-	1,189,372	-	(3,463,765)	-
Total primary government	$ 727,356,958	$ 38,062,638	$ 203,760,325	$ -	(485,533,995)	-
Component Units:						
Guam International Airport Authority	$ 54,721,694	$ 48,528,578	$ -	$ 16,864,891	-	10,671,775
Guam Memorial Hospital Authority	106,095,001	87,931,592	-	-	-	(18,163,409)
Guam Power Authority	253,188,979	244,991,100	-	1,426,669	-	(6,771,210)
Guam Waterworks Authority	46,933,408	44,132,623	-	4,027,938	-	1,227,153
Port Authority of Guam	27,473,296	25,998,138	-	856,441	-	(618,717)
University of Guam	66,266,437	8,802,238	24,529,629	-	-	(32,934,570)
Nonmajor component units	83,286,646	8,199,824	43,628,081	708,662	-	(30,750,079)
	$ 637,965,461	$ 468,584,093	$ 68,157,710	$ 23,884,601	-	(77,339,057)
General revenues:						
Taxes:						
Income					224,948,390	-
Gross receipts					149,081,382	-
Property					20,372,758	-
Hotel					18,946,881	-
Liquid fuel					14,299,259	-
Other taxes					12,618,833	-
Investment earnings					5,556,348	9,633,713
Contributions from primary government					-	73,738,705
Other					2,778,329	13,028,546
Gain on sale of GTA (note 6)					28,278,927	-
Total general revenues, and extraordinary items					476,881,107	96,400,964
Change in net assets					(8,652,888)	19,061,907
Net assets at beginning of year, as restated					88,491,287	824,999,268
Net assets at end of year					$ 79,838,399	$ 844,061,175

See accompanying notes to basic financial statements.

GOVERNMENT OF GUAM

Balance Sheet
Governmental Funds
September 30, 2005

	General	Special Revenue: Federal Grants	Special Revenue: Solid Waste Operations	Special Revenue: GTA Privatization Proceeds	Special Revenue: Interim Transition Coordinating Committee	Other Governmental Funds	Total
ASSETS							
Cash and cash equivalents	$ 8,653,669	$ 893,328	$ 514,611	$ 24,353,651	$ -	$ 22,187,856	$ 56,603,115
Time certificates of deposit	-	-	-	-	-	1,000,718	1,000,718
Investments	400,000	-	-	-	933,800	8,120,000	9,453,800
Receivables, net:							
Taxes	28,067,169	-	-	-	-	3,688,257	31,755,426
Federal agencies	1,256,710	20,683,185	-	-	-	4,691,046	26,630,941
Note	-	-	-	10,000,000	-	-	10,000,000
Other	-	-	1,698,865	468,750	634,039	3,033,108	5,834,762
Due from other funds	29,465,855	-	-	-	2,660,309	67,694,530	99,820,694
Due from private purpose trust funds	-	-	-	-	-	42,890	42,890
Inventories	-	-	-	-	-	616,813	616,813
Prepayments	424,315	-	-	-	-	-	424,315
Deposits and other assets	-	-	-	-	-	365,740	365,740
Restricted assets:							
Cash and cash equivalents	-	-	-	-	-	68,672,147	68,672,147
Investments	-	-	-	-	-	9,336,000	9,336,000
Total assets	$ 68,267,718	$ 21,576,513	$ 2,213,476	$ 34,822,401	$ 4,228,148	$ 189,449,105	$ 320,557,361
LIABILITIES							
Accounts payable	$ 40,665,613	$ 145,685	$ -	$ -	$ 171,486	$ 16,207,351	$ 57,190,135
Accrued payroll and other	12,971,644	1,275,303	163,734	-	-	4,818,569	19,229,250
Due to other funds	70,354,839	5,796,647	1,250,805	174	-	22,418,229	99,820,694
Due to pension trust funds	16,741,014	-	-	11,900,000	-	-	28,641,014
Due to component units	28,512,612	-	-	-	-	10,447,168	38,959,780
Payable to federal agencies	170,285	14,280,393	-	-	-	3,946,101	18,396,779
Deferred revenue	25,000,000	-	962,829	-	-	758,743	26,721,572
Provision for tax refunds	207,117,257	-	-	-	-	9,992,371	217,109,628
Deposits and other liabilities	10,720,097	-	-	5,894,593	-	2,014,236	18,628,926
Total liabilities	412,253,361	21,498,028	2,377,368	17,794,767	171,486	70,602,768	524,697,778
Fund balances (deficits):							
Reserved:							
Encumbrances	11,115,645	29,220,330	179,936	15,470	-	14,163,935	54,695,316
Continuing appropriations	7,091,675	-	-	2,734,356	-	14,223,179	24,049,210
Related assets	14,771,831	-	-	10,000,000	-	18,619,362	43,391,193
Debt service	-	-	-	-	-	37,239,202	37,239,202
Unreserved (deficits), reported in:							
General fund	(376,964,794)	-	-	-	-	-	(376,964,794)
Special revenue funds	-	(29,141,845)	(343,828)	4,277,808	4,056,662	3,261,339	(17,889,864)
Capital projects funds	-	-	-	-	-	31,339,320	31,339,320
Total fund balances (deficits)	(343,985,643)	78,485	(163,892)	17,027,634	4,056,662	118,846,337	(204,140,417)
Total liabilities and fund balances	$ 68,267,718	$ 21,576,513	$ 2,213,476	$ 34,822,401	$ 4,228,148	$ 189,449,105	$ 320,557,361

See accompanying notes to basic financial statements.

GOVERNMENT OF GUAM

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets
September 30, 2005

Total deficit - governmental funds		$ (204,140,417)
Amounts reported for governmental activities in the statement of net assets are different because:		
Bonds issued by GovGuam have associated costs that are paid from current available resources in the funds. However, these costs are deferred on the statement of net assets		2,198,189
Certain revenues are earned but not available and therefore are deferred in the governmental funds:		
Adjustment of deferred revenue		1,990,861
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Those assets consist of:		
Land	$ 11,271,444	
Construction in progress	46,208,255	
Depreciable capital assets and infrastructure, net of $207,719,018 of accumulated depreciation	658,968,808	
Capital assets, net of accumulated depreciation		716,448,507
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. The liabilities include:		
Bonds payable	(289,307,438)	
Accrued interest payable	(5,240,957)	
Compensated absences payable	(16,308,589)	
Unfunded pension liability	(99,944,914)	
DCRS sick leave liability	(9,215,843)	
Landfill closure and postclosure costs	(16,641,000)	
Long-term liabilities		(436,658,741)
Net assets of governmental activities		$ 79,838,399

See accompanying notes to basic financial statements.

GOVERNMENT OF GUAM

Statement of Revenues, Expenditures, and Changes in Fund Balances (Deficit)
Governmental Funds
Year Ended September 30, 2005

	General	Special Revenue: Federal Grants	Special Revenue: Solid Waste Operations	Special Revenue: GTA Privatization Proceeds	Special Revenue: Interim Transition Coordinating Committee	Other Governmental Funds	Total
Revenues:							
Taxes	$ 376,375,879	$ -	$ -	$ -	$ -	$ 63,891,624	$ 440,267,503
Licenses, fees and permits	1,540,974	-	5,904,317	-	-	29,654,518	37,099,809
Use of money and property	168,488	-	-	2,006,957	43,849	3,337,054	5,556,348
Federal contributions	54,564,785	98,111,728	-	-	-	44,086,627	196,763,140
Guam Public School System	6,371,485	-	-	-	-	-	6,371,485
Contributions from component units	2,027,291	-	-	-	2,733,800	-	4,761,091
Other	2,246,801	-	-	-	722,960	571,264	3,541,025
Total revenues	443,295,703	98,111,728	5,904,317	2,006,957	3,500,609	141,541,087	694,360,401
Expenditures:							
Current:							
General government	35,311,558	9,306,072	1,434	-	-	23,624,473	68,243,537
Protection of life and property	63,364,624	8,451,441	-	-	-	12,338,559	84,154,624
Public health	10,689,479	46,481,385	-	-	-	6,896,008	64,066,872
Community services	4,570,794	15,820,984	-	-	-	13,966,843	34,358,621
Recreation	3,365,121	503,044	-	-	-	2,263,398	6,131,563
Individual and collective rights	10,491,057	8,343,351	-	-	-	25,578,759	44,413,167
Transportation	1,432,274	2,808,108	-	-	-	9,785,585	14,025,967
Public education	174,393,669	3,212,359	-	-	-	46,084,954	223,690,982
Environmental protection	-	3,747,431	5,159,904	-	-	1,526,406	10,433,741
Economic development	3,033,206	5,945,891	-	-	-	45,845	9,024,942
Transfer to persons	4,549,010	363,326	-	-	-	-	4,912,336
Payments to:							
GovGuam Retirement Fund	1,915,930	-	-	11,900,000	1,076,697	-	14,892,627
Guam Community College	12,826,669	-	-	-	-	35,653	12,862,322
Guam Economic Development and Commerce Authority	192,107	164,714	-	-	-	-	356,821
Guam Educational Telecom. Corporation	574,073	-	-	-	-	-	574,073
Guam International Airport Authority	-	195,821	-	-	-	-	195,821
Guam Memorial Hospital Authority	-	8,216,872	-	5,000,000	-	4,791,666	18,008,538
Guam Power Authority	-	4,273,884	-	-	-	1,245,076	5,518,960
Guam System of Care Council	-	-	-	-	-	38,800	38,800
Guam Visitors Bureau	-	-	-	-	-	10,187,022	10,187,022
Guam Waterworks Authority	-	149,232	-	-	-	638,035	787,267
Port Authority of Guam	-	348,214	-	-	-	-	348,214
University of Guam	30,251,004	226,044	-	-	-	500,000	30,977,048
Miscellaneous appropriations	7,617,538	492,250	-	877,446	1,923,802	-	10,911,036
Non-appropriated expenditures	4,007,524	-	-	-	-	-	4,007,524
Capital projects	-	1,189,372	-	-	-	3,463,765	4,653,137
Debt service	-	-	-	-	-	57,281,973	57,281,973
Total expenditures	368,585,637	120,239,795	5,161,338	17,777,446	3,000,499	220,292,820	735,057,535
Excess (deficiency) of revenues over (under) expenditures	74,710,066	(22,128,067)	742,979	(15,770,489)	500,110	(78,751,733)	(40,697,134)
Other financing sources (uses):							
Transfers in from other funds	21,540,188	25,776,720	100,000	-	3,556,552	113,393,351	164,366,811
Transfers out to other funds	(126,642,742)	(3,611,659)	-	(3,556,552)	-	(31,679,387)	(165,490,340)
Total other financing sources (uses), net	(105,102,554)	22,165,061	100,000	(3,556,552)	3,556,552	81,713,964	(1,123,529)
Extraordinary items (note 6):							
Proceeds from sale of GTA	-	-	-	150,000,000	-	-	150,000,000
Payment to RUS escrow agent	-	-	-	(107,750,732)	-	-	(107,750,732)
Settlement payment to TeleGuam	-	-	-	(5,894,593)	-	-	(5,894,593)
Total extraordinary items, net	-	-	-	36,354,675	-	-	36,354,675
Net change in fund balances (deficits)	(30,392,488)	36,994	842,979	17,027,634	4,056,662	2,962,231	(5,465,988)
Fund balances (deficits) at beginning of year, as restated	(313,593,155)	41,491	(1,006,871)	-	-	115,884,106	(198,674,429)
Fund balances (deficits) at end of year	$ (343,985,643)	$ 78,485	$ (163,892)	$ 17,027,634	$ 4,056,662	$ 118,846,337	$ (204,140,417)

See accompanying notes to basic financial statements.

GOVERNMENT OF GUAM

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances (Deficits) to the Statement of Activities
September 30, 2005

Total net change in fund balances (deficits) - governmental funds		$ (5,465,988)
Amounts reported for governmental activities in the statement of activities are different because:		
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds		962,829
Capital outlays are reported as expenditures in governmental funds. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. For the current year these amounts consist of:		
Capital outlay	$ 12,531,901	
Depreciation expense	(29,554,724)	
		(17,022,823)
Repayment of long-term debt is reported as an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. For the current year these amounts consist of:		
Long-term debt retirement		40,460,181
In the statement of activities, only the gain on sale of the Guam Telephone Authority is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the cost of the assets sold.		830,517
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. For the current year these activities consist of:		
Accrued interest	887,001	
Compensated absences	920,298	
Unfunded pension costs	(29,265,361)	
DCRS sick leave liability	(1,096,722)	
Amortization of bond premiums and issuance costs	137,180	
		(28,417,604)
Change in net assets of governmental activities		$ (8,652,888)

See accompanying notes to basic financial statements.

GOVERNMENT OF GUAM

Statement of Fiduciary Net Assets
Fiduciary Funds
September 30, 2005

	Pension Trusts	Private Purpose Trusts	Agency Fund
ASSETS			
Cash and cash equivalents	$ 5,411,045	$ 5,147,962	$ -
Investments at fair value:			
Common stocks	641,550,000	-	-
U.S. Government securities	307,926,251	-	-
Corporate bonds and notes	231,618,588	-	-
Money market funds	45,367,251	-	-
Mutual funds	120,356,997	-	-
DC plan forfeitures	6,915,108	-	-
Total investments	1,353,734,195	-	-
Accounts receivable:			
Employer contributions, net	17,729,621	-	-
Member contributions	6,405,229	-	-
Interest and penalties on contributions	5,814,607	-	-
Accrued investment income	5,563,159	-	-
Due from brokers for unsettled trades	1,214,130	-	-
Notes receivable - service credits	8,807,252	-	-
Notes receivable - ERIP	10,185,803	-	-
Receivable - ERIP employer's share	9,094,642	-	-
Supplemental/COLA benefits	92,162,185	-	-
Supplemental/Insurance benefits advanced	1,977,579	-	-
Retiree supplemental benefits and insurance	2,427,213	-	-
Other	3,953,043	-	-
Total receivables	165,334,463	-	-
Deposits and other assets	-	-	13,473,213
Capital assets	1,257,365	-	-
Total assets	1,525,737,068	5,147,962	$ 13,473,213
LIABILITIES			
Deferred revenue	28,087,697	-	$ -
Accounts payable and accrued expenses	5,337,119	-	-
Accrued payroll and other	738,758	-	-
Deposits and other liabilities	-	4,520,158	13,473,213
Due to other funds	-	42,890	-
Due to brokers for unsettled trades	6,031,941	-	-
Total liabilities	40,195,515	4,563,048	$ 13,473,213
NET ASSETS			
Held in trust for retirement benefits	1,485,541,553	-	
Held in trust for other purposes	-	584,914	
Total net assets	$ 1,485,541,553	$ 584,914	

See accompanying notes to basic financial statements.

GOVERNMENT OF GUAM

Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
Year Ended September 30, 2005

	Pension Trusts	Private Purpose Trusts
Additions:		
Contributions:		
Employer contributions	$ 71,003,381	$ -
Member contributions	27,028,279	-
Use of money and property	-	583,116
Transfers in from other funds	-	1,123,529
Total contribution and revenues	98,031,660	1,706,645
Net investment income:		
Net appreciation in fair value	100,219,324	-
Interest	25,583,024	-
Dividends	12,496,681	-
Other	1,315,560	-
Total investment income	139,614,589	-
Less: investment expenses	3,305,543	-
Net investment income	136,309,046	-
Total additions	234,340,706	1,706,645
Deductions:		
Benefits	161,683,751	-
Refunds	15,974,288	-
Administrative and general expense	4,004,750	-
Individual and collective rights	-	1,550,203
Total deductions	181,662,789	1,550,203
Change in net assets	52,677,917	156,442
Net assets at beginning of year, as previously reported	1,435,684,368	428,472
Prior-period adjustment of supplemental receivable	(2,820,732)	-
Net assets at end of year	$ 1,485,541,553	$ 584,914

See accompanying notes to basic financial statements.

GOVERNMENT OF GUAM

Statement of Net Assets
Component Units
September 30, 2005

	Guam International Airport Authority	Guam Memorial Hospital Authority	Guam Power Authority	Guam Waterworks Authority	Port Authority of Guam	University of Guam	Nonmajor Component Units	Total
ASSETS								
Current assets:								
Cash and cash equivalents	$ 21,746,497	$ 1,407,334	$ 14,230,359	$ 1,566,433	$ 15,502,530	$ 4,202,604	$ 21,814,288	$ 80,470,045
Time certificates of deposit	-	-	-	-	2,000,000	110,251	2,409,607	4,519,858
Investments	-	-	-	-	-	-	1,051,857	1,051,857
Receivables, net	9,988,308	26,662,753	35,755,784	9,869,946	2,803,196	4,567,208	9,814,934	99,462,129
Due from primary government	-	1,055,773	11,153,664	-	-	5,468,427	2,275,277	19,953,141
Due from component units	-	-	2,107,171	-	-	-	-	2,107,171
Inventories	53,392	1,813,692	37,438,776	1,883,465	266,812	493,005	409,855	42,358,997
Prepayments	-	692,862	1,182,603	-	-	13,100	1,504,967	3,393,532
Deposits and other assets	-	-	1,068,346	1,423,156	-	557,792	-	3,049,294
Restricted assets:								
Cash and cash equivalents	-	-	42,649,936	4,145,701	-	-	10,447,482	57,243,119
Investments	-	-	-	-	-	7,122,002	15,471,386	22,593,388
Receivables	1,501,253	-	-	-	-	-	149,292	1,650,545
Total current assets	33,289,450	31,632,414	145,586,639	18,888,701	20,572,538	22,534,389	65,348,945	337,853,076
Noncurrent assets:								
Investments	10,940,755	-	-	-	-	5,824,248	1,740,000	18,505,003
Receivables, net	-	-	-	-	-	-	23,496,882	23,496,882
Due from primary government	-	-	19,006,638	-	-	-	-	19,006,638
Due from component units	-	-	9,640,151	-	-	-	-	9,640,151
Capital assets, net of accumulated depreciation	353,050,724	39,576,177	553,117,278	220,166,031	42,692,538	67,509,706	60,787,577	1,336,900,031
Deferred bond issuance costs	10,535,836	-	4,790,490	-	-	-	602,785	15,929,111
Other assets	-	-	10,228,911	-	-	-	21,935,268	32,164,179
Restricted assets:								
Cash and cash equivalents	18,939,160	-	-	15,532,656	-	4,862,292	-	39,334,108
Investments	18,045,950	-	27,485,086	-	-	7,736,477	-	53,267,513
Total noncurrent assets	411,512,425	39,576,177	624,268,554	235,698,687	42,692,538	85,932,723	108,562,512	1,548,243,616
Total assets	$ 444,801,875	$ 71,208,591	$ 769,855,193	$ 254,587,388	$ 63,265,076	$ 108,467,112	$ 173,911,457	$ 1,886,096,692

See accompanying notes to basic financial statements.

GOVERNMENT OF GUAM

Statement of Net Assets, Continued
Component Units
September 30, 2005

	Guam International Airport Authority	Guam Memorial Hospital Authority	Guam Power Authority	Guam Waterworks Authority	Port Authority of Guam	University of Guam	Nonmajor Component Units	Total
LIABILITIES AND NET ASSETS								
Current liabilities:								
Current portion of long-term debt	$ 6,685,000	$ 5,963,642	$ 26,200,000	$ 544,348	$ -	$ 85,000	$ 1,575,707	$ 41,053,697
Current obligations under capital leases	-	-	4,957,492	-	-	209,304	-	5,166,796
Accounts payable	6,891,129	13,667,182	15,308,136	5,797,693	1,692,166	4,606,132	10,924,003	58,886,441
Accrued payroll and other	5,104,009	1,667,227	1,124,114	2,409,044	581,582	-	735,846	11,621,822
Due to component units	-	-	-	2,107,171	-	-	-	2,107,171
Deferred revenue	928,261	1,078,025	-	457,850	-	4,986,070	2,688,394	10,138,600
Compensated absences	396,894	2,163,043	1,307,370	327,889	767,348	-	439,399	5,401,943
Deposits and other liabilities	4,079,232	-	15,355,583	4,101,418	8,447,023	-	1,256,896	33,240,152
Total current liabilities	24,084,525	24,539,119	64,252,695	15,745,413	11,488,119	9,886,506	17,620,245	167,616,622
Noncurrent liabilities:								
Compensated absences	425,457	1,325,736	749,573	612,047	138,025	647,991	674,010	4,572,839
Capital leases	-	-	144,164,982	-	-	227,027	-	144,392,009
Noncurrent portion of long-term debt	205,573,352	813,224	385,700,541	22,854,461	-	4,660,122	41,004,748	660,606,448
Due to component units	-	-	-	9,640,151	-	-	-	9,640,151
Deposits	-	-	-	164,542	-	2,389,690	276,198	2,830,430
Other noncurrent liabilities	-	-	14,600,440	302,102	-	-	12,209,284	27,111,826
DCRS sick leave liability	-	-	818,222	331,916	415,103	863,155	479,544	2,907,940
Accrued unfunded retirement liability	2,708,873	2,634,703	7,717,882	4,193,719	4,451,067	-	651,008	22,357,252
Total noncurrent liabilities	208,707,682	4,773,663	553,751,640	38,098,938	5,004,195	8,787,985	55,294,792	874,418,895
Total liabilities	232,792,207	29,312,782	618,004,335	53,844,351	16,492,314	18,674,491	72,915,037	1,042,035,517
Net Assets:								
Invested in capital assets, net of related debt	151,328,208	39,576,177	13,085,144	218,981,314	42,692,538	60,296,558	58,760,825	584,720,764
Restricted	41,832,017	-	54,420,122	4,145,701	-	18,462,046	33,030,492	151,890,378
Unrestricted (deficit)	18,849,443	2,319,632	84,345,592	(22,383,978)	4,080,224	11,034,017	9,205,103	107,450,033
Total net assets	212,009,668	41,895,809	151,850,858	200,743,037	46,772,762	89,792,621	100,996,420	844,061,175
Total liabilities and net assets	$ 444,801,875	$ 71,208,591	$ 769,855,193	$ 254,587,388	$ 63,265,076	$ 108,467,112	$ 173,911,457	$ 1,886,096,692

See accompanying notes to basic financial statements.

GOVERNMENT OF GUAM

Statement of Revenues, Expenses, and Changes in Net Assets
Component Units
Year Ended September 30, 2005

	Guam International Airport Authority	Guam Memorial Hospital Authority	Guam Power Authority	Guam Waterworks Authority	Port Authority of Guam	University of Guam	Non-major Component Units	Total
Operating revenues:								
Charges for services	$ 48,528,578	$ 87,931,592	$ 244,991,100	$ 44,132,623	$ 25,998,138	$ 8,802,238	$ 8,199,824	$ 468,584,093
Contributions	-	-	-	-	-	4,558	43,628,081	43,632,639
Grants and contracts	-	-	-	-	-	24,525,071	-	24,525,071
Other	713,948	559,122	2,076,028	273,373	662,962	3,482,597	5,260,516	13,028,546
Total operating revenues	49,242,526	88,490,714	247,067,128	44,405,996	26,661,100	36,814,464	57,088,421	549,770,349
Operating expenses:								
Cost of services	12,182,767	69,727,665	132,095,401	15,344,450	17,454,911	60,291,417	52,184,357	359,280,968
Depreciation and amortization	19,682,098	3,362,714	25,146,329	9,425,507	2,440,866	2,405,825	3,936,735	66,400,074
General and administrative	12,651,485	33,527,897	52,796,071	21,192,665	6,096,861	1,484,898	24,766,427	152,516,304
Total operating expenses	44,516,350	106,618,276	210,037,801	45,962,622	25,992,638	64,182,140	80,887,519	578,197,346
Operating income (loss)	4,726,176	(18,127,562)	37,029,327	(1,556,626)	668,462	(27,367,676)	(23,799,098)	(28,426,997)
Nonoperating revenues (expenses):								
Contributions from the primary government	2,530,000	18,517,456	-	-	-	29,041,648	23,649,601	73,738,705
Contributions to the primary government	-	-	-	-	-	(2,027,291)	-	(2,027,291)
Investment income	1,890,359	-	3,591,565	29,668	444,371	2,539,154	1,138,596	9,633,713
Interest expense	(9,717,112)	-	(42,148,963)	(131,363)	-	(66,906)	(1,619,682)	(53,684,026)
Other income (expenses), net	(488,232)	523,275	(1,002,215)	(839,423)	(1,480,658)	9,900	(779,445)	(4,056,798)
Total nonoperating revenues (expenses), net	(5,784,985)	19,040,731	(39,559,613)	(941,118)	(1,036,287)	29,496,505	22,389,070	23,604,303
Net income (loss) before capital contributions	(1,058,809)	913,169	(2,530,286)	(2,497,744)	(367,825)	2,128,829	(1,410,028)	(4,822,694)
Capital contributions	16,864,891	-	1,426,669	4,027,938	856,441	-	708,662	23,884,601
Increase (decrease) in net assets	15,806,082	913,169	(1,103,617)	1,530,194	488,616	2,128,829	(701,366)	19,061,907
Total net assets at beginning of year	196,203,586	40,982,640	152,954,475	199,212,843	46,284,146	87,663,792	101,697,786	824,999,268
Total net assets at end of year	$ 212,009,668	$ 41,895,809	$ 151,850,858	$ 200,743,037	$ 46,772,762	$ 89,792,621	$ 100,996,420	$ 844,061,175

See accompanying notes to basic financial statements.

(1) Summary of Significant Accounting Policies

A. Reporting Entity

The accompanying basic financial statements of GovGuam (GovGuam) have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is the recognized standard-setting body for establishing governmental accounting and financial reporting principles.

Guam is an unincorporated territory of the United States of America with policy relations between Guam and the United States under the jurisdiction of the Office of Territorial and International Affairs, U.S. Department of the Interior. In 1950, the U.S. Congress provided Guam with an Organic Act that organized GovGuam as a constitutional government comprised of locally elected executive and legislative branches and an appointed judicial branch. In addition, Guam has an elected representative to the U.S. Congress who possesses the same powers and privileges as Representatives from the various States, with the exception of voting on the House floor. The Executive Branch consists of a popularly elected Governor and Lieutenant Governor, each serving a four-year term, with executive department heads appointed by the Governor with the consent of the Guam legislature. The Legislative Branch is a unicameral parliament consisting of 15 members elected for a term of two years. The Judicial Branch is comprised of a Territorial Superior Court with judges appointed for eight-year terms by the Governor. Under the Organic Act, GovGuam is required to submit to the U.S. Congress and the Secretary of the Interior a comprehensive annual financial report in conformance with the standards of the National Council on Governmental Accounting within 120 days after the close of the fiscal year; however, GovGuam has not complied with this requirement.

For financial reporting purposes, GovGuam has included all funds, organizations, agencies, boards, commissions and institutions, including the Guam Public School System, which is a line agency of GovGuam within GovGuam's Department of Education and is included within the General Fund. GovGuam has also considered all potential component units for which it is financially accountable as well as other entities for which the nature and significance of their relationship with GovGuam are such that exclusion would cause GovGuam's basic financial statements to be misleading or incomplete. Blended component units are entities that are legally separate from GovGuam, but are so related to GovGuam that they are, in substance, the same as GovGuam or entities providing services entirely or almost entirely to GovGuam. The net assets and results of operations of the following legally separate entities are presented as part of GovGuam's operations:

1. Blended Component Units

The following component units are blended within the Primary Government:

(a) GovGuam Retirement Fund, a Fiduciary Fund Type - Pension Trust Fund. The Fund was enacted to provide retirement amenities and other benefits to GovGuam employees, who upon entry to service are eligible for membership. The Fund is governed by a seven member Board of Trustees. Two members are elected by active Fund members; two members are elected by Fund members among the roster of retirees; and three members are appointed by the Governor of Guam.

(1) Summary of Significant Accounting Policies, Continued

A. Reporting Entity, Continued

1. Blended Component Units, Continued

(b) Private purpose trust funds are comprised of trust funds administered by the Superior Court and Public Defender.

2. Discretely Presented Component Units

Discretely presented component units are entities which are legally separate from GovGuam, but are financially accountable to GovGuam, or whose relationships with GovGuam are such that exclusion would cause GovGuam's basic financial statements to be misleading or incomplete. The component units' column of the basic financial statements includes the financial data of the following entities:

Major Component Units:

(a) Guam International Airport Authority (GIAA) was created by Public Law 13-57 (as amended) as an autonomous instrumentality of GovGuam to own and operate the facilities of the Guam International Air Terminal. It is charged with the acquisition, construction, operation and maintenance of airports and related facilities for civil aviation on Guam. GIAA supports its operations through landing fees and charges for use of its facilities and through rentals under concessionaire agreements and is governed by a seven member Board of Directors, all of whom are appointed by the Governor of Guam.

(b) Guam Memorial Hospital Authority (GMHA) was created by Public Law 14-29 as an autonomous instrumentality of GovGuam to administer and operate the Guam Memorial Hospital. GMHA is governed by a seven member Board of Trustees, all of whom are appointed by the Governor of Guam.

(c) Guam Power Authority (GPA) was created by the GPA Act of 1968 and is responsible for the supervision of construction, maintenance of operations and regulations of all electrical utility services within GovGuam. It operates the power system for GovGuam and has created an Island-wide Power System Agreement with the United States Navy. GPA derives revenues from sales of electricity and is governed by the five member Consolidated Commission on Utilities (CCU), all of whom are elected for two or four year terms.

(d) Guam Waterworks Authority (GWA), formerly the Public Utility Agency of Guam (PUAG), was created by Public Law 23-119 and is responsible for supervising the construction, maintenance operations and regulations of all water and sewerage services within GovGuam. GWA derives its operating revenues from water and wastewater fees to residential, commercial and government customers, based on consumption, and is governed by the CCU.

(e) Port Authority of Guam (PAG) was created by Public Law 13-87 as an autonomous instrumentality of GovGuam to own and operate the facilities of the Commercial Port of Guam. PAG is governed by a five member Board of Directors, all of whom are appointed by the Governor of Guam.

(1) Summary of Significant Accounting Policies, Continued

A. Reporting Entity, Continued

2. Discretely Presented Component Units, Continued

Major Component Units, Continued:

(f) The University of Guam (UOG) was created by Public Law 13-194 and is responsible for operating Guam's institution of higher education. UOG is governed by a nine member Board of Regents, all of whom are appointed by the Governor of Guam.

Nonmajor Component Units:

Nonmajor component units are the Chamorro Land Trust Commission, the Guam Community College, the Guam Housing and Urban Renewal Authority, the Guam Housing Corporation, the Guam Economic Development and Commerce Authority, the Guam Visitors Bureau, and the Guam Educational Telecommunications Corporation (KGTF-TV).

GovGuam's component units, departments, and funds that are separately audited issue their own basic financial statements, each of which has a September 30 year-end. These statements may be obtained by directly contacting the various entities administrative offices or at the web site of the Office of the Public Auditor - www.guamopa.com.

Guam International Airport Authority
P.O. Box 8770
Tamuning, GU 96931

Guam Memorial Hospital Authority
850 Governor Carlos G. Camacho Rd.
Tamuning, GU 96913

Guam Power Authority
P.O. Box 2977
Hagatna, GU 96932

Guam Waterworks Authority
P.O. Box 3010
Hagatna, GU 96932

Port Authority of Guam
1026 Cabras Hwy, Ste. 201
Piti, GU 96925

University of Guam
303 University Station
University Drive
Mangalio, GU 96929

(1) Summary of Significant Accounting Policies, Continued

A. Reporting Entity, Continued

2. Discretely Presented Component Units, Continued

Guam Community College
P.O. Box 23069, GMF
Barrigada, GU 96921

Guam Housing and Urban Renewal Authority
117 Bien Venida Avenue
Sinajana, GU 96926

Guam Housing Corporation
P.O. Box 3457
Hagatna, GU 96932

Chamorro Land Trust Commission
P.O. Box 2950
Hagatna, GU 96932

Guam Economic Development and Commerce Authority
Suite 511, ITC Bldg.
590 S. Marine Drive
Tamuning, Guam 96913

Guam Visitors Bureau
401 Pale San Vitores Road
Tamuning, GU 96913

Guam Educational Telecommunications Corporation
P.O. Box 21449
GMF, GU 96921

In addition to the aforementioned University of Guam (UOG) and Guam Community College (GCC) component units, the accompanying component units column of the basic financial statements includes the University of Guam Endowment Foundation, Inc. and the Guam Community College Foundation, Inc., which are legally separate, tax-exempt, separately audited, component units of UOG and GCC, respectively. Inclusion of these component units is in accordance with GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, an amendment of GASB Statement No. 14. GASB Statement No. 39 provides additional guidance for determining whether certain organizations should be reported as component units based on the nature and significance of their relationship with the primary government and to clarify reporting requirements for those organizations. These entity's resources can only be used by or are for the benefit of UOG and GCC to which they serve. They are presented within the respective financial statements of UOG and GCC because of the nature and significance of them to these entities. Complete financial statements of the foundations may be obtained at their respective offices. The foundations are not considered major component units of GovGuam under the definitions put forth under GASB Statement 34, but are blended within UOG and GCC.

(1) Summary of Significant Accounting Policies, Continued

A. Reporting Entity, Continued

3. Omitted Governmental Funds

The following funds are considered to be nonmajor governmental funds of GovGuam but are not included in the accompanying basic financial statements due to absence of account balances and financial activities. Accordingly, the omission of these funds is not considered material to either the nonmajor governmental funds or the governmental activities reporting units:

Aquaculture Development and Training Fund
Chamorro Education Assistance Fund
Chamorro Home Loan Fund
Chamorro Home Repair Fund
Chamorro Home Development Fund
Chamorro Loan Guarantee Fund
Coastal Zone Management Fund
Community Development Fund
District Improvement Fund
Education Facilities Fund
GFD Capital Outlay Revolving Fund
GSA Liquidated Damages Fund
Guam Museum Fund
Healthcare Systems Privatization Fund
Komitea Para Tiyan Fund
Land Acquisition Fund
Land Claims Fund
Medicaid and Medically Indigent Program Assistance Payment Fund
Municipal Litter Defacement Fund
Ocean Freight Legal Fund
Off-island Travel Fund
Overtime Fund
Rainy Day Fund
Tiyan Trust Fund
Typhoon Paka Emergency Fund
UOG Higher Education Endowment Fund
Veteran's Bonus Fund
Vocational Rehabilitation Revolving Fund

B. Government-Wide and Fund Financial Statements

The Statement of Net Assets and the Statement of Activities report information on all non-fiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been eliminated from these statements except for other charges between the primary government and the discretely presented component units. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

(1) Summary of Significant Accounting Policies, Continued

B. Government-Wide and Fund Financial Statements, Continued

Primary government activities are defined as either governmental or business-type activities. Governmental activities, which normally are supported by taxes, intergovernmental revenues and other non-exchange revenues, are reported separately from business-type activities, which rely to a significant extent on fees charged to external parties for goods or services. As such, business-type activities account for operations similarly to a for-profit business. GovGuam did not report any business-type activities during the year ended September 30, 2005. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable. Discretely presented component unit activities are presented with their business-type focus.

The Statement of Net Assets presents all of the reporting entity's nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories:

- Invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes and other debt that are attributed to the acquisition, construction or improvement of those assets.

- Restricted net assets result when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors, and the like, or imposed by law.

- Unrestricted net assets consist of net assets, which do not meet the definition of the two preceding categories. Unrestricted net assets often are designated (for example, internally restricted), to indicate that management does not consider them to be available for general operations.

The government-wide Statement of Net Assets reports $83,926,153 of restricted net assets, of which $49,620,181 is restricted by enabling legislation.

The Statement of Activities demonstrates the degrees to which the direct expenses of given functions or segments are offset by program revenues. Direct expenses are those that are clearly identifiable within a specific function or segment. Program revenues include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not meeting the definition of program revenues are, instead, reported as general revenue.

C. Fund Financial Statements

The fund financial statements present a balance sheet and a statement of revenues, expenditures, and changes in fund balances for its major and aggregated non-major funds. Separate financial statements are provided for governmental funds and fiduciary funds. Major individual governmental funds are reported as separate columns in the fund financial statements pursuant to GASB reporting standards, with nonmajor governmental funds being combined into a single column.

(1) Summary of Significant Accounting Policies, Continued

C. Fund Financial Statements, Continued

GovGuam reports its financial position and results of operations in funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures. Transactions between funds within a fund type, if any, have not been eliminated.

D. Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements account for the general governmental activities of GovGuam and are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as they become susceptible to accrual; generally when they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, GovGuam considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Significant revenues susceptible to accrual include income and gross revenue taxes, federal grants, federal reimbursements and other reimbursements for use of materials and services. Miscellaneous revenues from other financing sources are recognized when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available. Expenditures generally are recorded in the period in which the related fund liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes are levied as of January 1 on property values assessed as of the same date. The tax levy is divided into two billings: the first billing is due February 20; the second billing is due April 20. The billings are considered past due 60 days after the respective tax payment dates, at which time the applicable property is subject to lien, and penalties and interest are assessed.

Amounts reported as program revenue include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. General revenue is derived from taxation, investment income and other fees that are not allocated to specific programs.

Fiduciary funds and discretely presented component units are reported using the economic resources measurement focus and the accrual basis of accounting, similar to the government-wide financial statements described above.

(1) Summary of Significant Accounting Policies, Continued

D. Measurement Focus and Basis of Accounting, Continued

Discretely presented component units distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a component unit's principal ongoing operations. All other revenues are reported as nonoperating. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

GovGuam reports the following fund types:

1. Governmental Fund Types

i. General Fund

This fund is the primary operating fund of GovGuam. It is used to account for all governmental transactions, except those required to be accounted for in another fund.

ii. Special Revenue Funds

These funds account for specific revenue sources that have been aggregated according to enabling legislation to support specific governmental activities.

iii. Capital Projects Funds

These funds account for the acquisition or construction of major GovGuam capital facilities financed primarily from loans and federal reimbursements.

iv. Debt Service Funds

These funds account for the accumulation of resources, principally transfers from other funds, for the payment of long-term debt principal and interest.

2. Fiduciary Fund Types

i. Pension Trust Funds

These funds report resources that are required to be held in trust for the members and beneficiaries of GovGuam's pension plans.

ii. Private Purpose Funds

These funds are used to account for resources held in trust under which principal and income benefit certain individuals.

iii. Agency Fund

This fund is used to report resources held by the primary government in a purely custodial capacity.

(1) Summary of Significant Accounting Policies, Continued

D. Measurement Focus and Basis of Accounting, Continued

GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - For State and Local Governments,* as amended by GASB Statement No. 37, *Basic Financial Statements - and Management's Discussion and Analysis - Omnibus,* sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses for either fund category or the governmental and enterprise combined) for the determination of major funds. GovGuam elected to add certain other major funds that had specific public interest. Major individual governmental funds are reported as separate columns in the fund financial statements. The nonmajor funds are combined in a column in the fund financial statements and detailed in the combining statements. GovGuam reports the following major funds:

Federal Grants Assistance Fund, a Governmental Fund Type - Special Revenue Fund. This fund accounts for all activities of U.S. special federal assistance grants and contracts utilized by GovGuam to finance general governmental operations.

Solid Waste Operations Fund, a Governmental Fund Type - Special Revenue Fund. This fund was created by Public Law 24-272 to provide a financing source for GovGuam's costs and expenses directly related to the closure and post-closure of the solid waste landfill.

GTA Privatization Proceeds Fund, a Governmental Fund Type - Special Revenue Fund. This fund was created by Public Law 26-70 to account for the proceeds realized from the sale of the Guam Telephone Authority.

Interim Transition Coordinating Committee Fund, a Governmental Fund Type - Special Revenue Fund. This fund was created by Public Law 27-109 to administer and account for the Privatization Agreement relating to the sale of the Guam Telephone Authority (GTA), and any assets and liabilities of GTA retained by GovGuam after closing of the privatization transaction.

E. Reporting Standards

As allowed by GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting,* GovGuam's discretely presented component units follow all GASB pronouncements and those Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins that were issued on or before November 30, 1989, except those that conflict with a GASB pronouncement.

F. Budgetary Process

Legislation requires the Governor to present a proposed budget to the Legislature at the beginning of each annual session. The Legislature enacts the budget through passage of specific departmental appropriations. Before signing the Appropriations Act, the Governor may veto or reduce any specific appropriation, subject to legislative override. Once passed and signed, the budget becomes the Territorial financial plan for the ensuing fiscal year. Supplemental appropriations for specific purposes are made throughout the year.

(1) Summary of Significant Accounting Policies, Continued

F. Budgetary Process, Continued

For budgetary purposes, encumbrance accounting is used. The encumbrances (that is, purchase orders, contracts) are considered expenditures when a commitment is made. For GAAP reporting purposes, encumbrances outstanding at year-end are reported as reservations of budgetary appropriations and GAAP fund balances and do not constitute expenditures or liabilities on a GAAP basis because the commitments will be honored during the subsequent year. Budgetary control is maintained within the departmental level. Budget revisions during the year, reflecting program changes or intradepartmental transfers of an administrative nature, may be effective with certain executive and legislative branch approval. Unencumbered appropriations normally lapse at the end of each fiscal year unless they are designated by the Legislature as representing continuing appropriations.

G. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, demand deposits, and short-term investments in U.S. Treasury obligations with a maturity date within three months of the date acquired by GovGuam. Deposits maintained in time certificates of deposit with original maturity dates greater than three months are separately classified on the statement of net assets/balance sheet.

H. Investments

Investments and related investment earnings are recorded at fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

I. Inventories

Inventories of the primary government and the discretely presented component units are generally valued at the lower of cost (FIFO) or market.

J. Receivables

In general, tax revenue is recognized on the government-wide financial statements when assessed or levied and on the governmental financial statements to the extent that it is both measurable and available. Receivables are stated net of estimated allowances for uncollectible accounts. Reimbursements due to GovGuam for expenditures on federally funded reimbursement and grant programs are reported as "receivables from federal agencies."

Receivables of the primary government and the discretely presented component units are primarily due from businesses and individuals residing on the island of Guam. The allowance for uncollectibles primarily represents estimated allowances for uncollectible amounts that are determined based upon past collection experience and aging of the accounts.

(1) Summary of Significant Accounting Policies, Continued

J. Receivables, Continued

Receivables as of September 30, 2005, for the primary government's individual major governmental funds and nonmajor governmental funds in the aggregate, including allowances for uncollectible accounts, are as follows:

	General	Federal Grants	Solid Waste Operations	GTA Privatization Proceeds	Interim Transition Coordinating Committee	Nonmajor Governmental Funds	Totals
Receivables:							
Taxes	$ 28,067,169	$ -	$ -	$ -	$ -	$ 3,688,257	$ 31,755,426
Federal grants	1,256,710	20,683,185	-	-	-	4,691,046	26,630,941
Notes	-	-	-	10,000,000	-	-	10,000,000
Other	9,109,321	-	10,648,233	468,750	634,039	3,386,353	24,246,696
	38,433,200	20,683,185	10,648,233	10,468,750	634,039	11,765,656	92,633,063
Allowance for uncollectibles	(9,109,321)	-	(8,949,368)	-	-	(353,245)	(18,411,934)
Net receivables	$ 29,323,879	$ 20,683,185	$ 1,698,865	$ 10,468,750	$ 634,039	$ 11,412,411	$ 74,221,129

The note receivable recorded by the GTA Privatization Proceeds Fund represents a promissory note relating to the privatization of the Guam Telephone Authority that matures on January 1, 2013, bearing interest at the Wall Street Journal's prime rate as of closing date (5.25% at December 31, 2004).

Receivables recorded by the fiduciary funds are as follows:

GovGuam Retirement Fund (GGRF):

At September 30, 2005, GGRF had employer and member contributions receivables from various GovGuam agencies. These receivables represent contributions not remitted to GGRF for various pay periods during the fiscal years ended September 30, 1988 through 2005. As of September 30, 2005, employer contributions receivable totaled $17,729,621; member contributions receivable totaled $6,405,229; and interest and penalties receivable totaled $5,814,607.

Interest and penalties continue to accrue on these receivables based on the provisions set forth in Section 8137(c) of 4 GCA 8, *Retirement of Public Employees*, which states that GGRF will impose interest at a rate equivalent to the average rate of return on its investments from the previous fiscal year and a 1% penalty for delinquent payments.

A significant portion of the employer and member contributions receivables represent contributions from the Guam Public School System (GPSS), a line agency of the primary government, and the Guam Memorial Hospital Authority (GMHA). As of September 30, 2005, receivables from GPSS, including interest and penalties, totaled $16,741,014. As of September 30, 2005, receivables from GMHA, including interest and penalties, totaled approximately $9.3 million.

(1) Summary of Significant Accounting Policies, Continued

J. Receivables, Continued

GovGuam Retirement Fund (GGRF), Continued:

Public Law 28-38, passed in June 2005, requires GovGuam's General Fund to remit interest only payments monthly to GGRF for the aforementioned receivables from GPSS and GMHA. The law indicates that monthly payments, totaling $192,955 and $190,501, for GPSS and GMHA, respectively, will continue until the outstanding balances for these agencies are fully paid from a general obligation bond or other means. However, if the obligations are not paid within five years, payments for GPSS and GMHA will resume per 4GCA Section 8137. During the fiscal year ended September 30, 2005, GGRF received payments totaling $578,865 and $571,504 for GPSS and GMHA, respectively.

In March 1998, GGRF accepted a promissory note from GMHA in the amount of $9,385,720 for the outstanding balance of contributions owed with related penalties and interest to GGRF. The note bears interest at the bank's prime rate plus 1%, with a floor amount of 8%. At September 30, 2005, the balance on the note was $5,503,118. Management of GGRF has fully provided for this note in the allowance for uncollectibles. As payments are made against this note, GGRF decreases the allowance for uncollectibles with a corresponding offset included in bad debt recoveries.

Public Law 24-327, as amended, became effective December 30, 1998 relative to GovGuam's Early Retirement Incentive Program (ERIP). This law allowed GGRF members with at least twenty years of creditable service to retire and to purchase up to five years of creditable service. Those electing to participate in the ERIP must pay the members' share of the required contribution, plus interest, based on their salary at the time they made the election; the time period in which the member was required to make the election being December 30, 1998 to January 7, 2000. Payments can be made in full or can be financed through deductions from annuities over a period not to exceed fifteen years.

Approximately 800 members elected to participate in the ERIP and signed promissory notes totaling nearly $15 million. At September 30, 2005, the amount owed under these notes was $10,185,803. There is a corresponding deferred revenue account to offset these notes receivable, since contribution income is recognized on a cash basis as amounts are collected from retirees. GovGuam's share of these contributions has been recognized in the amount of $9,094,642 at September 30, 2005. This receivable has also been offset by deferred revenue in the same amount.

Public Law 25-72, passed in September 1999, required the payment of supplemental annuities and cost of living allowances to retirees, and specified that these payments were an obligation of the General Fund and not of GGRF. The cost of these benefits is to be paid through increased contributions over a period of twenty years. As the payment of these benefits is contingent upon an annual appropriation, no liability has been recognized in the General Fund of GovGuam for the $92,162,185 of estimated accumulated benefits at September 30, 2005.

(1) Summary of Significant Accounting Policies, Continued

K. Interfund Receivables/Payables

During the course of its operations, GovGuam records transactions between individual funds for goods provided or services rendered. Receivables and payables resulting from transactions between funds are classified as "due from other funds" or "due to other funds" on the governmental fund balance sheet. Receivables and payables resulting from transactions between component units and the primary government are classified as "due to/from primary government" or "due to/from component units" on the governmental fund balance sheet and the statement of net assets. Interfund receivables and payables have been eliminated from the Statement of Net Assets.

Receivables and payables between funds reflected as due to/from other funds in the combined balance sheet at September 30, 2005, are summarized as follows:

Receivable Fund	Payable Fund	Amount
General	Federal Grants	$ 5,796,647
General	Solid Waste Operations	1,250,805
General	GTA Privatization Proceeds	174
Interim Transition Coordinating Committee	General	2,660,309
Nonmajor governmental funds	General	67,694,530
General	Nonmajor governmental funds	22,418,229
		$ 99,820,694

These balances result from the time lag between the dates that 1) interfund goods and services are provided or reimbursable expenditures occur, 2) transactions are recorded in the accounting system, and 3) payments between funds are made, and are scheduled to be collected in the subsequent year.

Interfund receivables not expected to be repaid within the next twelve months are summarized as follows:

Receivable Fund	Payable Fund	Amount
General	Nonmajor governmental funds:	
	Tourist Attraction	$ 3,875,782
	Water Systems Revenue Bond	10,097,130
	GOB 1993 Series A (DSF)	317,478
	1999 SPG Revolving (SRF)	81,441
Nonmajor governmental funds:		
Territorial Highway Fund	General	9,901,389
Limited Obligation Highway Improvement Bonds (CPF)	General	578,100
Limited Obligation Infrastructure Improvement Bonds (CPF)	General	5,352,402
GOB 1994 Series A (DSF)	General	2,070,174
		$ 32,273,896

(1) Summary of Significant Accounting Policies, Continued

K. Interfund Receivables/Payables, Continued

Balances reflected as due to component units of the primary government in the statement of net assets at September 30, 2005, are summarized as follows:

General Fund:	
Guam Memorial Hospital Authority	$ 1,055,773
Guam Power Authority	19,713,134
University of Guam	5,468,427
Nonmajor component units	2,275,278
Nonmajor governmental funds:	
Guam Power Authority	10,447,168
	$ 38,959,780

Guam Power Authority has entered into payment agreements with the primary government to be paid over five to nine years. Details of these payment agreements are as follows:

Receivable from the Guam Public School System, a line agency of the primary government, due in 109 monthly installments, inclusive of interest at 4.47% per annum ($500,000 per month for the first three months, then $100,000 per month escalating at intervals to $200,000 per month), beginning July 20, 2004, with the final installment payment due in July 2013, uncollateralized.	$ 13,964,139
Receivable from the Department of Public Works, a line agency of the primary government, due in 60 monthly installments of $75,000, beginning May 2002, including interest at 4.35% per annum, with the final installment payment due in April 2007, uncollateralized. Management is of the opinion that this balance may change and be charged to another fund or may be reversed as there is no appropriation to process payment. However, at this time, it is not possible to determine the ultimate outcome of this matter or the potential impact on the accompanying financial statements.	10,447,168
	$ 24,411,307

Future obligations under these payment agreements are as follows:

Year Ending September 30,	
2006	$ 5,404,669
2007	7,122,930
2008	1,575,298
2009	1,953,398
2010	2,068,569
2011 - 2013	6,286,443
	$ 24,411,307

(1) Summary of Significant Accounting Policies, Continued

L. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure (e.g. roads, bridges, ramps and other similar items), are reported in the governmental activity column of the government-wide financial statements. Such assets, whether purchased or constructed, are recorded at historical cost or estimated historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. Capital assets are capitalized when the cost of the individual items exceeds $50,000. The costs of normal maintenance and repairs that do not add to the value of asset or materially extend assets lives are not capitalized.

Capital assets of the primary government are depreciated using the straight-line method with a full year's depreciation charged in the year of acquisition and disposal, regardless of date.

Capital asset activities of the primary government for the year ended September 30, 2005, are as follows.

	Estimated Useful Lives	Balance October 1, 2004	Additions	Retirements	Balance September 30, 2005
Governmental activities:					
Nondepreciable capital assets:					
Land		$ 10,440,927	$ 830,517	$ -	$ 11,271,444
Construction in progress		42,166,116	4,042,139	-	46,208,255
		52,607,043	4,872,656	-	57,479,699
Depreciable capital assets:					
Buildings	40 - 60 yrs	307,947,795	63,004	-	308,010,799
Machinery, equipment and Furniture	5 - 20 yrs	38,509,379	6,276,374	-	44,785,753
Infrastructure	25 yrs	511,740,890	2,150,384	-	513,891,274
		858,198,064	8,489,762	-	866,687,826
Less accumulated depreciation		(178,164,294)	(29,554,724)	-	(207,719,018)
Depreciable capital assets, net		680,033,770	(21,064,962)	-	658,968,808
		$ 732,640,813	$ (16,192,306)	$ -	$ 716,448,507

Depreciation expense was charged to functions/programs of the primary government's governmental activities as follows:

General government	$ 1,246,821
Protection of life and property	389,551
Public health	139,831
Community services	3,661
Recreation	77,314
Individual and collective rights	537,000
Transportation	15,678,156
Public education	7,015,196
Environmental protection	639,222
Economic development	3,827,972
	$ 29,554,724

(1) Summary of Significant Accounting Policies, Continued

M. Deferred Revenues

In the government-wide financial statements, deferred revenue is recognized when cash, receivables or other assets are recorded prior to being earned. In the governmental fund financial statements, deferred revenue represents monies received or revenues accrued which have not been earned or do not meet the "available" criterion for revenue recognition under the modified accrual basis of accounting. The deferred revenue in the governmental fund types has primarily resulted from federal funds received in advance of eligible expenditures.

N. Provision for Tax Refunds

During the calendar year, GovGuam collects individual and corporate income taxes through withholdings and payments from taxpayers. At September 30, GovGuam estimates the amount owed to taxpayers for overpayments. These estimated amounts and the actual tax refunds claimed for prior years but not paid at year-end are recorded as tax refunds payable and as a reduction of tax revenue.

As of September 30, 2005, GovGuam recorded a provision for unpaid tax refunds in the amount of $217,109,628, which included $28,641,363 relating to interest payable to taxpayers for unpaid prior year tax refunds.

O. Long-term Debt

The liabilities reported in the government-wide financial statements include GovGuam general obligation bonds and long-term notes, and long-term liabilities including vacation, sick leave, long-term liabilities to other governmental entities, net pension obligation, and closure and post-closure costs associated with the Ordot Dump. Long-term obligations financed by component units are recorded as liabilities in the discretely presented component unit's column.

P. Accounting for Pension Costs

For the purpose of applying the requirements of GASB Statement No. 27, *Accounting for Pensions by State and Local Government Employers*, the amount reported as the unfunded pension liability of $99,944,914 represents the cumulative amount owed by GovGuam for the unfunded prior years' actuarially required pension contributions to the GovGuam Retirement Fund. The unfunded pension liability has been recorded as a liability in the governmental activity in the accompanying government-wide statement of net assets.

For the purpose of the basic financial statements, GovGuam's annual pension cost, measured on the accrual basis of accounting, for the year ended September 30, 2005 amounted to $76,075,384. However, the amount recognized as pension expenditure in the governmental funds was recorded under the modified accrual basis, and amounted to $46,810,023.

(1) Summary of Significant Accounting Policies, Continued

Q. Bond Premiums and Issuance Costs

In the government-wide financial statements, bond premiums and issuance costs are deferred and amortized over the term of the bonds using the straight-line method. Bonds payable are reported net of bond premiums. Bond issue costs are reported as deferred charges.

In the fund financial statements, governmental fund types recognize bond premiums and issuance costs in the period the bond proceeds are received. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuance are reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds, are reported as expenditures.

R. Interfund/Intrafund Transactions

As a general rule, the effect of interfund activity has been eliminated in the government-wide financial statements. Exceptions to this rule are: 1) activities between funds reported as governmental activities and funds reported as business-type activities and 2) activities between funds that are reported in different functional categories in either the governmental or business-type activities column. Elimination of these activities would distort the direct costs and program revenues for the functions concerned.

Operating transfers in/out for each major governmental fund and nonmajor governmental funds in the aggregate, for the year ended September 30, 2005, are as follows:

Source	Recipient	Transfers Out	Transfers In
Major Governmental Funds			
General	Federal Grants	$ 25,711,662	$ 25,711,662
General	Nonmajor governmental funds	100,931,080	21,540,188
Federal Grants	Nonmajor governmental funds	3,611,659	65,058
GTA Privatization Proceeds	Interim Transition Coordinating Committee	3,556,552	3,556,552
Nonmajor governmental funds	Solid Waste Management	-	100,000
		133,810,953	50,973,460
Nonmajor Governmental Funds			
Nonmajor governmental funds	General	21,540,188	100,931,080
Nonmajor governmental funds	Federal Grants	65,058	3,611,659
Solid Waste Management	Nonmajor governmental funds	100,000	-
Nonmajor governmental funds	Nonmajor governmental funds	8,850,612	8,850,612
Nonmajor governmental funds	Fiduciary funds	1,123,529	-
		31,679,387	113,393,351

(1) Summary of Significant Accounting Policies, Continued

R. Interfund/Intrafund Transactions, Continued

Source	Recipient	Transfers Out	Transfers In
Fiduciary Funds			
Nonmajor governmental funds	Fiduciary funds	-	1,123,529
		$ 165,490,340	$ 165,490,340

Transfers are used to 1) move revenues from the fund that enabling legislation or budget requires to collect them to the fund that enabling legislation or budget requires to expend them, 2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations, and 3) record reductions in interfund loans for amounts that are not expected to be repaid.

During the year ended September 30, 2005, GovGuam made a one-time transfer of $3,556,552 from the GTA Privatization Proceeds Fund to the Interim Transition Coordinating Committee Fund. This transfer represented residual funds after the repayment of long-term debt owed by the Guam Telephone Authority subsequent to its privatization and sale to TeleGuam.

Furthermore, GovGuam made one-time transfers in the amount of $1,273,787 from the General Fund to nonmajor governmental funds to eliminate certain operating fund deficits.

S. Fund Equity/Net Assets

GovGuam reports net assets as restricted where legally segregated for a specific future use. Otherwise, these balances are considered unrestricted.

Net Assets have been restricted as follows:

"Restricted for capital projects" - identifies amounts reserved for capital projects.

"Restricted for retirement of indebtedness" - identifies amounts reserved for debt service.

"Restricted for other purposes" - identifies amounts held for various externally imposed restrictions either by creditors, grantors or laws and regulations of other governments. It also includes various restrictions put forth by the GovGuam enabling statutes. Included in this restriction are reserves for prior appropriations continued.

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

(1) Summary of Significant Accounting Policies, Continued

S. Fund Equity/Net Assets, Continued

The unreserved fund balances for the governmental funds represent the amount available for budgeting future operations. The reserve for related assets for the primary government's individual major governmental funds and nonmajor governmental funds in the aggregate as of September 30, 2005, are as follows:

	General	Federal Grants	Solid Waste Operations	GTA Privatization Proceeds	Interim Transition Coordinating Committee	Nonmajor Governmental Funds	Totals
Investments	$ 400,000	$ -	$ -	$ -	$ -	$ -	$ 400,000
Receivables:							
Note	-	-	-	10,000,000	-	-	10,000,000
Other	-	-	-	-	-	100,484	100,484
Due from other funds	14,371,831	-	-	-	-	17,902,065	32,273,896
Inventories	-	-	-	-	-	616,813	616,813
	$14,771,831	$ -	$ -	$10,000,000	$ -	$ 18,619,362	$ 43,391,193

T. Capital Projects Funds

The use of the Capital Projects Funds was initiated as of September 30, 1983, and is utilized for funding derived primarily from appropriations from the U.S. Government and through issuance of bonds. Capital expenditures related to projects funded with local revenues are reported in the fund where appropriated.

U. Compensated Absences

Public Law 27-005 was enacted in February 2003 amending the accumulation of annual leave. The statute amended the vacation rates employees are credited to 104 and 156 hours per year, depending upon their length of service.

1. One-half day (4 hours) for each full bi-weekly pay period in the case of employees with less than five (5) years of service

2. Three-fourths day (6) hours for each full bi-weekly pay period in the case of employees with more than five (5) years of service.

The statute further amended the maximum accumulation of such vacation credits from 480 to 320 hours. Employees who have accumulated hours in excess of the 320 hours shall have up to September 30, 2005, to use the excess amount of leave or that portion permitted to be credited to sick leave and the remainder of excess leave will be lost. It is not known at this time the impact this will have on the basic financial statements.

Vacation pay is convertible to pay upon termination of employment. Compensated absences are recorded as a long-term liability in the statement of net assets. Amounts to be paid during the next fiscal year are reported as current. For the governmental fund financial statements, vested or accumulated vacation and sick leave expected to be liquidated with expendable available financial resources are reported as expenditures and fund liabilities.

(1) Summary of Significant Accounting Policies, Continued

U. Compensated Absences, Continued

Public Law 26-86 allows members of the Defined Contribution Retirement System to receive a lump sum payment of one-half of their accumulated sick leave upon retirement. GovGuam has accrued an estimated liability of $9,215,843 at September 30, 2005 for potential future sick leave payments as a result of this law. However, this amount is an estimate and actual payout may be materially different than estimated.

V. Fund Deficits

Specific individual funds that had individual deficit fund balances as at September 30, 2005, are as follows:

Major Governmental Funds	
General Fund	$ 343,985,643
Solid Waste Operations Fund	$ 163,892
Nonmajor Governmental Funds	
Chamorro Commercial Loan Fund	$ 155,823
Firefighter Equipment Replacement	$ 27,539
Plant Protection and Quarantine Revolving Fund	$ 5,443
Professional Engineers', Architects' and Surveyors' Fund	$ 15,641
Program Development Fund	$ 4,320
Public Service Recovery Fund	$ 382
Territorial Highway Fund	$ 4,512,674
Tourist Attraction Fund	$ 2,406,972
Typhoon Chataan and Halong Fund	$ 1,489

W. New Accounting Standards

During fiscal year 2005, GovGuam implemented GASB Statement No. 40, *Deposit and Investment Risk Disclosures (an amendment of GASB Statement No. 3)*, and GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*. GASB Statement No. 40 addresses common deposit and investment risks related to credit risk, concentration of credit risk, interest rate risk, and foreign currency risk. As an element of interest risk, GASB Statement No. 40 requires certain disclosures of investments that have fair values that are highly sensitive to changes in interest rates. GASB Statement No. 42 establishes standards for impairment of capital assets when its service utility has declined significantly and unexpectedly.

(1) Summary of Significant Accounting Policies, Continued

W. New Accounting Standards, Continued

In April 2004, GASB issued Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. GASB Statement No. 43 establishes uniform financial reporting for other postemployment benefit plans by state and local governments. The provisions of this Statement are effective for periods beginning after December 15, 2007. Management does not believe that the implementation of this Statement will have a material effect on the financial statements of GovGuam.

In May 2004, GASB issued Statement No. 44, *Economic Condition Reporting: The Statistical Section, an amendment to NCGA Statement 1*. GASB Statement No. 44 improves the understandability and usefulness of statistical section information and adds information from the new financial reporting model for state and local governments required by GASB Statement No. 34. The provisions of this Statement are effective for periods beginning after June 15, 2005. Management does not believe that the implementation of this Statement will have a material effect on the financial statements of GovGuam.

In July 2004, GASB issued Statement No. 45, *Accounting and Financial Reporting by Employers for Post employment Benefits Other Than Pensions*. GASB Statement No. 45 establishes standards for the measurement, recognition, and display of other post employment benefits expense/expenditures and related liabilities, note disclosures, and, if applicable, required supplementary information in the financial reports of state and local governmental employers. The provisions of this Statement are effective for periods beginning after December 15, 2008. Management does not believe that the implementation of this Statement will have a material effect on the financial statements of GovGuam.

In December 2004, GASB issued Technical Bulletin No. 2004-2, *Recognition of Pension and Other Postemployment Benefit Expenditures/Expense and Liabilities by Cost-Sharing Employers*. GASB Technical Bulletin No. 2004-2 clarifies the requirements of GASB Statement Nos. 27 and 45 for recognition of pension and other postemployment benefit expenditures/expense and liabilities by cost-sharing employers. Management does not believe the implementation of this pronouncement will have a material effect on the financial statements of GovGuam.

In June 2005, GASB issued Statement No. 47, *Accounting for Termination Benefits*. GASB Statement No. 47 establishes guidance for state and local governmental employers on accounting and financial reporting for termination benefits. These benefits include incentives for voluntary terminations (e.g., early retirement window programs) and severance payments with respect to involuntary terminations. The provisions of this Statement are effective for periods beginning after June 15, 2005. Management does not believe that the implementation of this Statement will have a material effect on the financial statements of GovGuam.

X. Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results may differ from those estimates.

(1) Summary of Significant Accounting Policies, Continued

Y. Restatement of Governmental Fund Deficit/Government-Wide Net Assets

Primary Government

	Government Wide Level
Net assets, as previously reported at September 30, 2004	$ 47,193,817
Understatement of capital assets previously reported for governmental activities	41,297,470
Net assets, as restated at October 1, 2004	$ 88,491,287

(2) Deposits and Investments

GASB Statement No. 40 addresses common deposit and investment risks related to credit risk, concentration of credit risk, interest rate risk and foreign currency risk. As an element of interest rate risk, disclosure is required of investments that have fair values that are highly sensitive to changes in interest rates. GASB Statement No. 40 also requires disclosure of formal policies related to deposit and investment risks.

The deposit and investment policies of GovGuam are governed by 5 GCA 21, *Investments and Deposits*, in conjunction with applicable bond indentures. The Director of Administration is responsible for the safekeeping of all monies paid into the Treasury of Guam. The Director of Administration invests any monies of GovGuam that are deemed not necessary for immediate use. Legally authorized investments include securities issued or guaranteed by the U.S. Treasury or agencies of the United States government; demand and time deposits in or certificate of deposit of, or bankers' acceptances issued by, any eligible institution; corporate debt obligations, including commercial paper; certain money market funds; state and local government securities, including municipal bonds; and repurchase and investment agreements. With the exception of investments in U.S. government securities, which are explicitly or implicitly guaranteed by the United States government, all other investments must be rated Aa1/P-1 by Moody's.

A. Deposits

GASB Statement No. 3 previously required government entities to present deposit risks in terms of whether the deposits fell into the following categories:

Category 1 Deposits that are federally insured or collateralized with securities held by GovGuam or its agent in GovGuam's name;

Category 2 Deposits that are uninsured but fully collateralized with securities held by the pledging financial institution's trust department or agent in GovGuam's name; or

Category 3 Deposits that are collateralized with securities held by the pledging financial institution's trust department or agent but not in GovGuam's name and non-collateralized deposits.

(2) Deposits and Investments, Continued

A. Deposits, Continued

GASB Statement No. 40 amended GASB Statement No. 3 to in effect eliminate disclosure for deposits falling into categories 1 and 2 but retained disclosures for deposits falling under category 3. Category 3 deposits are those deposits that have exposure to custodial credit risk. Custodial credit risk is the risk that in the event of a bank failure, GovGuam's deposits may not be returned to it. Such deposits are not covered by depository insurance and are either uncollateralized, or collateralized with securities held by the pledging financial institution or held by the pledging financial institution but not in the depositor-government's name. GovGuam does not have a deposit policy for custodial credit risk.

As of September 30, 2005, the carrying amount of the primary government's total cash and cash equivalents and time certificates of deposit was $126,275,980 and the corresponding bank balances were $136,343,272. Of the bank balance amount, $39,501,959 is maintained in financial institutions subject to Federal Deposit Insurance Corporation (FDIC) insurance. The remaining amount of $96,841,313 represents short-term investments held and administered by GovGuam's trustees in accordance with various trust agreements and bond indentures. Based on negotiated trust and custody contracts, all of these investments were held in GovGuam's name by GovGuam's custodial financial institutions at September 30, 2005. As of September 30, 2005, bank deposits in the amount of $600,000 were FDIC insured. GovGuam does not require collateralization of its cash deposits; therefore, deposit levels in excess of FDIC insurance coverage are uncollateralized. Accordingly, these deposits are exposed to custodial credit risk.

As of September 30, 2005, short-term investments in the amount of $33,642,836 are restricted for capital projects. Additionally, short-term investments in the amount of $35,029,311 are restricted for future debt service requirements.

B. Investments

GASB Statement No. 3 previously required government entities to present investment risks in terms of whether the investments fell into the following categories:

Category 1 — Investments that are insured or registered, or securities held by GovGuam or its agent in GovGuam's name;

Category 2 — Investments that are uninsured and unregistered for which the securities are held by the counterparty's trust department or agent in GovGuam's name; or

Category 3 — Investments that are uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in GovGuam's name.

GASB Statement No. 40 amended GASB Statement No. 3 to in effect eliminate disclosure for investments falling into categories 1 and 2, and provided for disclosure requirements addressing other common risks of investments such as credit risk, interest rate risk, concentration of credit risk, and foreign currency risk. GASB Statement No. 40 did retain and expand the element of custodial credit risk in GASB Statement No. 3.

(2) Deposits and Investments, Continued

B. Investments, Continued

Credit risk for investments is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

Concentration of credit risk for investments is the risk of loss attributed to the magnitude of an entity's investment in a single issuer. GASB Statement No. 40 requires disclosure by issuer and amount of investments in any one issuer that represents five percent (5%) or more of total investments for GovGuam.

Custodial credit risk for investments is the risk that in the event of the failure of the counterparty to the transaction, GovGuam will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. GovGuam's investments are held and administered by trustees in accordance with various bond indentures for the purpose of funding various health-related projects under a tobacco settlement agreement and future debt service requirements. Based on negotiated trust and custody contracts, all of these investments were held in GovGuam's name by GovGuam's custodial financial institutions at September 30, 2005.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of debt instruments. GovGuam does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

As of September 30, 2005, GovGuam's investments in debt securities were as follows:

	Moody's Credit Rating	Investment Maturities (In Years) Less Than 1	1 to 5	6 to 10	Greater Than 10	Fair Value
U.S. government agencies:						
Fannie Mae	Aaa/P-1	$ 4,743,000	$ -	$ -	$ -	$ 4,743,000
Freddie Mac	Aaa/P-1	3,528,000	-	-	-	3,528,000
Other	Aaa/P-1	516,000	-	-	-	516,000
Municipal bonds:						
Gwinett County (Georgia) Development Authority	Aaa/P-1	-	-	-	8,120,000	8,120,000
Commercial paper	Aaa/P-1	366,000	-	-	-	366,000
Commercial paper	Not rated	183,000	-	-	-	183,000
		$ 9,336,000	$ -	$ -	$ 8,120,000	$ 17,456,000

As of September 30, 2005, investments in debt securities in the amount of $9,336,000 are restricted for future debt service requirements.

Additionally, as of September 30, 2005, the General Fund holds 9.5% of the shares of the Pacific Islands Development Bank in the amount of $400,000. As the fair market value of this investment is not readily available, such has been recorded at cost.

(2) Deposits and Investments, Continued

B. Investments, Continued

Furthermore, as of September 30, 2005, the Interim Transition Coordinating Committee (ITCC) Fund holds Rural Telephone Bank (RTB) stock in the amount of $933,800. This stock was previously issued to the Guam Telephone Authority (GTA) in accordance with the loan agreement between GTA and RTB and was carried at cost based on 933,800 shares of $1 par value Class B stock. Upon the privatization and sale of GTA, certain assets and liabilities were retained by GovGuam and transferred to the ITCC Fund, which included the RTB stock.

Pension Trust Funds

Investments of the Government of Guam Retirement Fund (GGRF) include U.S. Federal Government and agency obligations, foreign government obligations, real estate, commercial mortgages, corporate debt, and equity instruments. Investments are reported at fair value. Security transactions and any resulting gains or losses are accounted for on a trade date basis.

Investments other than real estate, commercial mortgages and other loans, and municipal revenue bonds are reported at market values determined by the custodial agents. The agent's determination of market values includes, among other things, using pricing services or prices quoted by independent brokers at current exchange rates.

Commercial mortgages and other loans and municipal revenue bonds have been valued on an amortized cost basis, which approximates market or fair value. No allowance for loan loss has been provided as all loans and bonds are considered by management to be fully collectible. Short-term investments are reported at cost, which approximates market value.

For investments where no readily ascertainable market value exists, management, in consultation with their investment advisors, have determined the fair values for the individual investments based on anticipated maturity dates and current interest rates commensurate with the investment's degree of risk.

First Hawaiian Bank holds the investments as custodian in GGRF's name. In addition, GGRF has selected investment managers who are given authority to purchase and sell securities in accordance with the following guidelines:

a. Cash and Cash Equivalents - Cash equivalent reserves must consist of cash instruments having a quality rating of A-2, P-2 or higher. Eurodollar Certificates of Deposit, time deposits, and repurchase agreements are also acceptable investment vehicles. All other securities will be, in the judgment of the investment managers, of credit quality equal to or superior to the standards described above. No single issue shall have a maturity of greater than two years, and the cash portfolio shall have a maturity of less than one year. Any idle cash not invested by the investment managers shall be invested daily through an automatic sweep managed by the custodian.

(2) Deposits and Investments, Continued

B. Investments, Continued

Pension Trust Funds, Continued

b. Investment managers may invest in U.S. and non-U.S. common stocks, American Depository Receipts (ADRs), convertible bonds, preferred stocks, fixed-income securities, mutual funds and short-term securities. All fixed-income securities held in the portfolio must have a Moody's, Standard & Poor's and/or a Fitch's credit quality rating of no less than "BBB". U.S. Treasury and U.S. government agencies are qualified for inclusion in the portfolio. No more than twenty percent (20%) of the market value of the portfolio may be rated less than single "A" quality, unless the manager has specific written authorization. Eighty percent (80%) of the fixed-income portfolio must be in bonds of credit quality of no less than "A". Total portfolio quality (capitalization weighted) must maintain an "A" minimum rating. In case such bonds or other evidence of indebtedness are not so rated by two nationally recognized and published rating services, the net earnings available for fixed charges over a period of five fiscal years preceding the date of investment have averaged per year and during either of the last two years have been, after depreciation and taxes, not less than:

   i. Two times its average annual fixed charges over the same period, in the case of any public utility company;

   ii. One and one-half times its average annual fixed charges over the same period, in the case of any financial company; or,

   iii. Three times its average annual fixed charges over the same period, in the case of any other company.

   With the written petition and subsequent written approval of the Trustees, opportunistic investment bonds issued by national governments other than the United States or foreign corporations may comprise up to six percent (6%) of each fixed-income manager's portfolio. In no case shall these investments exceed three and one-half percent (3.5%) of the total GGRF investments. All non-U.S. securities will be, in the judgment of the investment managers, of credit quality equal to or superior to the standards described above.

c. No investment management organization shall have more than twenty-five percent (25%) of the GGRF's assets under its direction.

d. No individual security of any issuer, other than that of the United States government or GovGuam, shall constitute more than five percent (5%), at cost, of the total GGRF or of any investment manager's portfolio.

e. Holdings of any issuer must constitute no more than five percent (5%) of the outstanding securities of such issuer.

f. Investments in a registered mutual fund managed by the investment manager are subject to prior approval of the Board of Trustees.

(2) Deposits and Investments, Continued

B. Investments, Continued

Pension Trust Funds, Continued

g. The following securities and transactions are not authorized: letter stock and other unregistered securities; non-negotiable securities; commodities or other commodity contracts; and, short sales origin transactions. Options and futures are restricted, except by petition to the Trustees for approval.

Cash and investments of GGRF as of September 30, 2005 are classified as follows:

	Defined Benefit (DB) Plan	Defined Contribution (DC) Plan
Cash and cash equivalents	$ 2,622,576	$ 2,788,469
Common stocks	641,550,000	-
U.S. government securities	307,926,251	-
Corporate bonds and notes	231,618,588	-
Money market funds	45,367,251	-
Mutual funds	-	127,272,105
	$ 1,229,084,666	$ 130,060,574

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that GGRF manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Information about the sensitivity of the fair values of GGRF's investments (including investments held by bond trustee) to market interest rate fluctuations is provided by the following table that shows the distribution of the GGRF's DB plan investments by maturity:

	Investment Maturities (In Years)				
	Less Than 1	1 to 2	2 to 5	Greater Than 5	Fair Value
U.S. Treasury notes	$ 35,841,419	$ 12,396,107	$ 66,421,748	$ 83,594,656	$ 198,253,930
U.S. government agencies	-	15,112,500	8,247,465	86,312,356	109,672,321
Commercial paper	14,194,507	7,335,768	46,498,262	163,590,051	231,618,588
	$ 50,035,926	$ 34,844,375	$ 121,167,475	$ 333,497,063	$ 539,544,839

(2) Deposits and Investments, Continued

B. Investments, Continued

Pension Trust Funds, Continued

GGRF's investments are typically made in corporate equities, U.S. Treasury obligations, and commercial paper. These types of investments are not more sensitive to interest rate fluctuations than as already indicated above. Investments that are highly sensitive to interest rate fluctuations include Federal agency securities with coupon multipliers that are reset frequently, mortgage-backed securities, and Federal agency securities with interest rates that vary inversely to a benchmark set quarterly.

GGRF has invested in mortgage backed securities, which are more sensitive to fluctuations in interest rates than already indicated in the information provided above. Such securities are subject to early payment in a period of declining interest rates. The resultant reduction in expected total cash flows affects the fair value of these securities and makes the fair values of these securities highly sensitive to changes in interest rates. At September 30, 2005, GGRF held mortgage-backed securities valued at approximately $116 million.

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization.

Presented below is the minimum rating required by (where applicable) the Guam Code Annotated and GGRF's investment policy, and the actual rating as of September 30, 2005:

Investment Type	Minimum Legal Rating	Amount	Rating as of Year End
U.S. Treasury notes	N/A	$ 189,648,144	Exempt from disclosure
Federal agency securities	N/A	91,275,447	Exempt from disclosure
Money market funds	A-2	45,367,251	AAAm
Corporate medium term notes	BBB	89,507,107	Aaa
		18,228,717	Aa1-Aa3
		31,121,371	A1-A3
		65,026,598	Baa1-Baa3
		1,506,118	Ba1-Ba3
		53,231,337	Not rated/cash
		$ 584,912,090	

GGRF's investment policy contains limits on the amount that can be invested in any one issuer. At September 30, 2005, the Fund did not hold any investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total GGRF investments.

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party.

(2) Deposits and Investments, Continued

B. Investments, Continued

Pension Trust Funds, Continued

The Guam Code Annotated and GGRF's investment policy contain legal requirements that limit the exposure to custodial credit risk for deposits and investments. The Guam Code Annotated requires that a financial institution secure deposits made by GovGuam agencies by pledging securities in: "(a) Treasury notes or bonds of the United States, or those for which the faith and credit of the United States are pledged for the payment of principal and in interest, (b) any evidence of indebtedness of the government of Guam, (c) Investment certificates of the Federal Home Loan Bank, or (d) such other securities as may be ... approved by the Director of Administration and the Governor of Guam.". The fair market value of the pledged securities must be at least ten percent (10%) in excess of the amount of monies deposited with the bank.

Further, to address custodial risk, the Guam Code Annotated requires the custodian to have been in the business of rendering trust custody services for ten or more years, to be organized under the laws of the United States or a state or territory thereof, to have capital and surplus in excess of Ten Million Dollars ($10,000,000), and to be a member of the Federal Reserve System whose deposits are insured by the Federal Deposit Insurance Corporation. Regardless of the above, any locally chartered bank may act as custodian for GGRF.

(3) Long-Term Obligations

As of September 30, 2005, the primary government had the following long-term debt outstanding:

General Obligation Bonds, 1993 Series A (original issue of $175,000,000), varying interest rates at 3% - 5.4% per annum, payable semiannually in May and November, principal fund payments due in varying annual installments commencing with a payment of $2,490,000 in November 1994 and increasing to $12,140,000 in November 2018. The bonds have been issued for the purpose of implementing capital projects.	$ 123,685,000
General Obligation Bonds, 1995 Series A (original issue of $115,000,000), varying interest rates at 4.6% - 6% per annum, payable semiannually in March and September, principal fund payments due in varying annual installments commencing with a payment of $5,650,000 in September 1996 and increasing to $16,785,000 in September 2005, with a final payment due of $2,085,000 in September 2006. The bonds have been issued for the purpose of implementing certain capital projects and payment of certain general fund expenditures.	2,085,000

(3) Long-Term Obligations, Continued

Limited Obligation Infrastructure Improvement Bonds, 1997 Series A (original issue of $76,275,000), varying interest rates at 4.75% - 5.5% per annum, payable annually in November, principal fund payments due in varying annual installments commencing with a payment of $900,000 in November 1999 and increasing to $4,625,000 in November 2017. The 1997 bonds are serial bonds and were issued in fully registered form in denominations of $5,000 or multiples thereof.	55,825,000
Limited Obligation Highway Refunding Bonds, 2001 Series A (original issue of $51,705,000), varying interest rates at 3.13% - 4.5% per annum, payable semiannually in May and November, principal fund payments due in varying annual installments commencing with a payment of $3,830,000 in May 2002 and increasing to $5,765,000 in May 2012. The 2001 bonds are serial bonds and were issued in fully registered form in denominations of $5,000 or any integral multiple thereof, and are subject to redemption prior to their stated maturity, at the option of GovGuam, from any source of available funds, on any date on or after May 1, 2011.	35,505,000
Limited Obligation (Section 30) Bonds, 2001 Series A (original issue of $76,895,000), varying interest rates at 3.25% - 5.5% per annum, payable semiannually in June and December, principal fund payments due in varying annual installments commencing with a payment of $6,220,000 in December 2002 and increasing to $9,565,000 in December 2011. The bonds have been issued for the purpose of providing money to repay the outstanding amounts of certain debt, including the 1989 Water System Revenue Bonds, the debt of the Guam Memorial Hospital Authority and the voluntary service debt.	57,530,000
Add net unamortized premium on bonds	3,021,259
	60,551,259
Promissory note payable to the Farmers Home Administration in the amount of $11,000,000, interest at 7.75% per annum, principal and interest payable commencing December 1990 in quarterly installments of $225,390. The note is collateralized by real property.	4,291,545
Note payable to a local bank in the amount of $10,000,000, interest rate is based on the banks' index rate and varies from 4.75% - 8% per annum, principal and interest payable commencing October 2003 in annual installments of $1,281,818. This loan was used to fund public assistance programs and for the payment of the GovGuam Department of Education's monthly allotment backlog. The note is collateralized by the pledge and assignments of Section 30 revenues.	7,364,634
	289,307,438
Less current maturities	(24,850,593)
	$ 264,456,845

(3) Long-Term Obligations, Continued

Annual debt service requirements to maturity for principal and interest are as follows:

Year ending September 30,	Principal	Interest	Total
2006	$ 24,850,593	$ 14,440,262	$ 39,290,855
2007	24,843,845	13,201,220	38,045,065
2008	26,082,709	11,956,838	38,039,547
2009	27,403,100	10,606,576	38,009,676
2010	28,240,896	9,168,430	37,409,326
2011 - 2015	96,690,036	26,702,614	123,392,650
2016 - 2019	58,175,000	6,357,900	64,532,900
	$ 286,286,179	$ 92,433,840	$ 378,720,019

As of September 30, 2005, $37,239,202 has been accumulated in the Debt Service Funds to service the General Obligation and Special Revenue Bonds. Additionally, the debt service funds contain $2,070,174 of resources that management has designated to be used for debt service. However, a legal opinion has been solicited, but not received, that will determine whether this amount should be returned to the General Fund. There are a number of limitations and restrictions placed on the bonds as specified below:

General Obligation Bonds:

General Obligation Bonds 1993 Series A - This bond series was issued on September 15, 1993 for the purpose of implementing certain capital projects comprised of new or renovated educational facilities. In accordance with the bond indenture, the Depository created a Construction Fund, the amounts therein to be used solely for (1) the purpose of implementing capital projects pursuant to the Act, (2) the payment of costs of issuance, and (3) the payment of principal and interest on the bonds. On or before the fifth day of each calendar month, GovGuam deposits into a Bond Fund held by the Trustee, an amount equal to the amount necessary to increase the amount in the Bond Fund to the aggregate amount for all outstanding bonds of all unpaid interest, principal and Mandatory Sinking Account payments which is required to be transferred to the Bond Fund.

General Obligation Bonds 1994 Series A - This bond was issued on August 15, 1994 for the purpose of discharging GovGuam's obligation to pay refunds owed to taxpayers who have filed their income tax forms with GovGuam. Final payment for principal and interest occurred on August 15, 1999. Therefore, no further obligations with regard to the bond covenants exist for this debt service fund as of September 30, 2005. However, an interfund receivable balance with the General Fund and a corresponding credit to reserve for related assets is recorded in this fund until a final decision is made on the disposition of the fund balance.

General Obligation Bond 1995 Series A - This bond was issued on June 1, 1995 for the purpose of discharging obligations for income tax refunds, supplemental retirement benefits, transfer payments to government agencies and to vendors to the extent obligations were incurred or previously obligated by GovGuam prior to May 15, 1995 and to pay the costs of issuance of such borrowing. The Depository has created a Bond Fund to be used solely (1) to pay General Fund expenses pursuant to the indenture, (2) to pay costs of issuance, and (3) to be held as a reserve for the payment of principal of and interest on the Bonds. The amount in the Bond Fund as of September 30, 2005 is $781,227.

(3) Long-Term Obligations, Continued

General Obligation Bonds, Continued:

Public Law 22-19 has authorized the creation of the Territorial Education Facilities Fund that requires that all real property tax revenues received shall be deposited into this fund. While such deposits are not pledged, these shall be used to pay the principal and interest on bonds issued for Capital Improvement Projects provided for under the General Obligation Bonds 1993 Series A indenture.

Public Law 23-14 was created to authorize the Governor to issue general bonds for the purposes of constructing and refurbishing territorial educational facilities, paying certain General Fund expenses, and creating a funding source for repayment of such bonds.

Management of GovGuam believes that it is in compliance with all significant limitations and restrictions of the bond indentures as of September 30, 2005.

Indentures to the 1997 Series A Bonds:

The 1997 Series A bonds are limited obligations of GovGuam payable entirely from a first lien and pledge of revenues. Revenues are defined in the bond indenture as all amounts received from the imposition of hotel occupancy taxes. GovGuam has pledged to maintain these revenues at a level sufficient to equal the sum of 1.25 times the aggregate debt service becoming due within the next fiscal year; plus amounts required to be deposited pursuant to the tax certificate for the bonds and amounts required to meet the bond reserve fund requirement.

In accordance with the bond indenture, the depositary has created a trust account known as the "Construction Fund." Amounts deposited therein are used to (1) implement capital improvement projects prescribed in Public Law 29-137, adopted on January 2, 1997, (2) pay the cost of bond issuance and letter of credit fees and (3) pay the principal and interest on the bonds should other sources be insufficient.

All pledged revenues are to be deposited into a special account entitled the "Revenue Fund." In addition, all interest and other profit derived from investments, except those in the "Construction Fund," are to be transferred monthly to the "Revenue Fund." Transactions of the "Revenue Fund" account are accounted for in the Debt Service Fund. On the twentieth day of each month following the month the revenues are deposited, the depositary is to deposit into the following funds (all accounted for within the Debt Service Fund) the specified amounts in the following order of priority:

- Bond Fund - an amount equal to the sum of (1) the aggregate amount of interest to accrue on the bonds during the next succeeding calendar month upon all bonds then outstanding, plus (2) an amount which, if paid in equal monthly installments in each month over the semiannual or annual period prior to the next principal date, would aggregate to the amount of principal then becoming due and payable on the outstanding serial bonds on such principal payment date, plus (3) an amount which, if paid in equal monthly installments in each month over the semiannual or annual period prior to the next principal date, would aggregate to the amount of the mandatory sinking fund payments required to be paid for the outstanding term bonds on such principal payment date.

- Rebate Fund - an amount, if any, needed to be deposited therein pursuant to the rebate certificate with respect to the 1997 Series A Bonds.

(3) Long-Term Obligations, Continued

Indentures to the 1997 Series A Bonds, Continued:

- Bond Reserve Fund - an amount, if any, needed to equal to the lesser of (1) the maximum annual debt service, (2) 10% of the proceeds received from the sale of the bonds and (3) 125% of average annual debt service on the bonds or an amount as may be specified by supplemental indentures providing for the issuance of a series of bonds. The maximum annual debt service is defined as the sum of (1) the interest falling due on the then outstanding bonds, (2) the principal amount of the outstanding serial bonds falling, due by their terms, and (3) the aggregate amount of all mandatory sinking payments required; all as computed for the bond year in which such sum shall be the largest. Amounts in the Bond Reserve Fund are to be used for the purpose of making up any deficiency in the Bond Fund.

- Bond Expense Fund - an amount equal to the amount of bond expenses estimated by the trustee to be due and payable during the next succeeding calendar month.

The General Obligation Bonds constitute the valid and legally binding general obligation of GovGuam, and GovGuam pledges its full faith and credit for the punctual payment of principal and interest on the bonds. Additionally, certain revenues are specifically pledged to secure the payment of said principal and interest. As defined by the terms of the bond indenture, these revenues include the following: (1) all amounts received by GovGuam as proceeds of Federal income taxes derived from Guam ("Section 30" monies); (2) customs duties collected by GovGuam derived from Guam; (3) the proceeds of all taxes collected under the internal revenue laws of the United States on articles produced in Guam and transported to the United States, its Territories or possessions, or consumed in Guam; and (4) the proceeds of any other taxes which may be levied by Congress on the inhabitants of Guam. "Revenue" further includes all interest, profits or other income derived from investments in any fund or account created pursuant to the bond indenture.

Indentures to the 2001 Series A Bonds (Special Revenue Bonds):

The 2001 Series A bonds are limited obligations of GovGuam payable entirely from a first lien and pledge of revenues. Revenues are defined in the bond indenture as all amounts received from the imposition of vehicle registration fees, license fees and certain penalties, and from taxes on the sale of gasoline, aviation and diesel fuels. GovGuam has pledged to maintain these revenues at a level sufficient to equal annual budgeted highway maintenance and operating expenses plus 1.2 times the aggregate debt service becoming due within the next fiscal year.

In accordance with the bond indenture, the depository has created a trust account to be known as the "Construction Fund". Amounts deposited therein are used to (1) implement highway capital improvement projects based on Public Law 21-110 signed by the Governor on June 1, 1992, (2) pay the costs of bond issuance, and (3) pay the principal and interest on the bonds should other sources be insufficient. The "Construction Fund" account is accounted for within the Highway Bond Projects Capital Projects Fund.

All pledged revenues are to be deposited into a special account entitled the "Revenue Fund". In addition, all interest and other profit derived from investments, except those in the "Construction Fund," are to be transferred monthly to the "Revenue Fund". Transactions of the "Revenue Fund" account are accounted for in the Debt Service Fund. On the fifth day of each month following the month the revenues are deposited, the depositary/trustee is to deposit into the following funds the specified amounts in the following order of priority:

(3) Long-Term Obligations, Continued

Indentures to the 2001 Series A Bonds (Special Revenue Bonds), Continued:

Bond Fund - an amount equal to the sum of (1) the aggregate amount of interest to accrue on the bonds during the next succeeding calendar month upon all then outstanding bonds, plus (2) an amount which, if paid in equal monthly installments in each month prior to the next May 1, would aggregate to the amount of principal then becoming due and payable on the outstanding serial bonds on such May 1, plus (3) an amount which, if paid in equal monthly installments in each month prior to the next May 1, would aggregate to the amount of the mandatory sinking fund payments required to be paid for outstanding term bonds on such May 1. Amounts in the Bond Fund are to be used to pay bond interest and the principal of the serial and term bonds. Funds in this account are accounted for within the Debt Service Fund.

Bond Reserve Fund - an amount, if any, needed to equal the maximum annual debt service. The maximum annual debt service is defined as the sum of (1) the interest falling due on the then outstanding bonds, (2) the principal amount of the outstanding serial bonds falling due by their terms, and (3) the aggregate amount of all mandatory sinking fund payments required; all as computed for the bond year in which such sum shall be the largest. Amounts in the Bond Reserve Fund are to be used for the purpose of making up any deficiency in the Bond Fund. Funds in this account are accounted for within the Debt Service Fund.

Maintenance and Operation Fund - the amount of maintenance and operation expenses budgeted by GovGuam to be paid during the next succeeding calendar month. Amounts in the Maintenance and Operation Fund are to be used for the purpose of paying GovGuam highway maintenance and operation costs. This account is a component of the Debt Service Fund.

Maintenance and Operation Reserve Fund - an amount to increase the balance therein equal to 1.5% of the original aggregate principal amount of bonds of each series having bonds outstanding. Amounts in the Maintenance and Operation Reserve Fund are to be used to pay GovGuam highway maintenance and operation expenses should amounts in the Maintenance and Operation Fund be insufficient. Accounting for this Fund is performed within the Debt Service Fund.

Surplus Fund - the balance remaining in the revenue fund after all of the foregoing deposits. Amounts in the Surplus Fund are to be used for the purpose of paying other costs and expenses budgeted by GovGuam. Transactions to and from the Surplus Fund are accounted for in the Debt Service Fund.

(3) Long-Term Obligations, Continued

Changes in Long-Term Liabilities

Other long-term liabilities will be liquidated in the future from governmental funds. During the year ended September 30, 2005, the following changes occurred in liabilities reported as part of the primary government's long-term liabilities in the statement of net assets:

	Balance October 1, 2004	Additions	Reductions	Balance September 30, 2005	Due Within One Year
Bonds payable:					
Limited obligation bonds	$ 64,240,000	$ -	$ 6,710,000	$ 57,530,000	$ 7,040,000
General obligation bonds	148,555,000	-	22,785,000	125,770,000	8,285,000
Special revenue bonds	99,880,000	-	8,550,000	91,330,000	8,940,000
Loans payable	14,071,360	-	2,415,181	11,656,179	585,593
	326,746,360	-	40,460,181	286,286,179	24,850,593
Unamortized premium on bonds issued	3,524,803	-	503,544	3,021,259	-
	330,271,163	-	40,963,725	289,307,438	24,850,593
Other liabilities:					
Compensated absences	17,228,887	-	920,298	16,308,589	6,438,218
Tax refunds	240,385,386	-	23,275,758	217,109,628	215,098,046
Unfunded pension liability	70,679,553	29,265,361	-	99,944,914	-
DCRS sick leave liability	8,119,121	1,096,722	-	9,215,843	-
Due to component units	28,204,513	10,755,267	-	38,959,780	19,953,142
Landfill closure	16,641,000	-	-	16,641,000	-
	381,258,460	41,117,350	24,196,056	398,179,754	241,489,406
	$ 711,529,623	$ 41,117,350	$ 65,159,781	$ 687,487,192	$ 266,339,999

(4) Commitments and Contingencies

A. Federal Grants

GovGuam has received federal grants for specific purposes that are subject to review and audit by the grantor agencies. Questioned costs for the 2005 and prior year audits aggregate to a material amount. If the questioned costs were ultimately disallowed, the general fund would be liable for the return of such funds. However, no liability, which may arise from the ultimate outcome of this matter, has been provided for in the accompanying basic financial statements.

Audits of federal program funds are also performed by various federal agencies. If the audit results in cost disallowances, the general fund may be liable. However, management does not believe that resolution of this matter will result in a material liability. Therefore, no liability for any amount, which may ultimately arise from these matters, has been recorded in the accompanying basic financial statements.

Fines and penalties may also be imposed by various federal agencies for violations of certain regulations. However, no provision for any amount has been recorded in the accompanying basic financial statements, as it is not possible to predict a reasonable estimation of these fines and penalties.

(4) Commitments and Contingencies, Continued

B. Earned Income Tax Credit (EITC) Refunds

In June 2004, GovGuam agreed to pay $60,000,000 over nine years in settlement of unpaid EITC refunds from 1996. The settlement plan allowed for non-interest bearing tax credit refunds amounting to $20,000,000 over the next year, of which $3,000,000 shall be paid into the EITC Fund within thirty days from the approval of the settlement agreement, and approximately $1,500,000 per month for eleven months following the first installment. The remaining balance is to be paid at approximately $5,000,000 over the next eight years, beginning June 30, 2006. As of September 30, 2005, a tax liability of $60,000,000 has been recorded for this settlement agreement. Subsequent to September 30, 2005, GovGuam reached a new settlement agreement replacing the June 2004 agreement whereby GovGuam agreed to pay up to $90,000,000. According to the agreement, GovGuam will be required to set aside $15,000,000 each into the following six categories:

Tax years 1995, 1996, 1999, 2000
Tax year 1998
Tax year 2001
Tax year 2002
Tax year 2003
Tax year 2004

Ratification of the revised settlement agreement, including payment terms, is pending approval by the District Court. GovGuam is presently unable to ascertain the total potential EITC refunds under this revised settlement agreement. Accordingly, no provision for any tax liability in excess of the $60,000,000 already recorded that may result has been made in the accompanying basic financial statements.

C. Sick Leave

It is the policy of GovGuam to record the cost of sick leave when leave is actually taken and a liability is actually incurred. Generally, sick leave is paid only when an employee is absent due to illness, injury or related-family death. For this reason, no sick leave liability is recorded at September 30, 2005. The estimated accumulated amount of unused sick leave at September 30, 2005, is $72,167,906, of which $9,215,843 may be convertible by the GovGuam Retirement Fund Defined Contribution Retirement System (DCRS) employees upon retirement. Sick leave balances are only available for the line departments of the executive branch.

D. Litigation

GovGuam is unable to assess the likelihood of potential liabilities related to claims outstanding as of the year ended September 30, 2005. The Attorney General is of the opinion that GovGuam's maximum liability in total for these cases is material to the financial statements as of September 30, 2005. However, it is not possible to predict a reasonable estimation of these claims to be paid through the claims process, as set forth in footnote 4E below, and therefore, no provision for any liability that may result has been made in the accompanying financial statements.

(4) Commitments and Contingencies, Continued

E. Self-Insurance

GovGuam does not purchase insurance covering potential risks; it is substantially self-insured against claims for negligence and catastrophic losses. In the event that losses arise from such claims or disasters, the General Fund would be required to pay the majority of these losses. An annual appropriation is made to the Government Claims Fund and then valid claims are paid out against the appropriated amount. GovGuam has not experienced material prior year losses as a result of this policy. Virtually all discretely presented component units have some form of commercial insurance to insure against risk of loss such as property, liability and typhoon.

F. Deposits with Treasurer

Insurance companies doing business on Guam, are required under sections 43102 and 43202 of the Government Code of Guam, to deposit with the Commissioner of Insurance an amount equal to the minimum amount of paid-in-capital required under Article III of Title 39 of the Government Code. The deposit requirement is met with any good and sufficient bond as set by the Commissioner. Bonds currently take various forms and range from a surety bond to bank certificates of deposit. Deposits are likewise required of foreign banks and foreign exchanges. At September 30, 2005, approximately $13,473,213 was held by GovGuam in bonds as security against possible claims.

G. Medicare

GovGuam did not withhold or remit funds to the U.S. Social Security System for the health insurance component. GovGuam has since reevaluated this position and has commenced withholding such amount from its employees beginning in October 1998. If GovGuam is found to be liable for prior year nonpayment an indeterminate liability could result. Therefore, no liability for any amount, which may ultimately arise from this matter, has been recorded in the accompanying financial statements.

H. Commitments

GovGuam and its discretely presented component units have commitments under contracts at September 30, 2005.

I. Tax Drawback

On September 20, 2004, GovGuam settled a liquid fuel tax refund dispute with a fuel supplier in the amount of $6,583,382, which resulted in a gain of $5,893,926 plus $1.7 million in previously unrecorded interest that was waived.

As of September 30, 2005, the tax refund amounted to $4,800,106, of which $594,057 represents claims in litigation, for which the outcome is currently undeterminable, and $4,206,050 relating to the abovementioned settlement. Under the terms of the agreement, the refund will be paid over a period of three years and will involve the offset against future liquid fuel tax payments in the amount of $182,872 per month.

(4) Commitments and Contingencies, Continued

J. Ordot Dump

On February 11, 2004, the U.S. Environmental Protection Agency and the U.S. Department of Justice filed a Consent Decree in the United States District Court of Guam. The consent decree includes deadlines for the opening of a new landfill and implementing an Ordot Dump closure plan. Within a period of forty-five months, GovGuam is required to complete an environmental impact statement analyzing at least three potential new landfill locations; complete design, permitting, and construction for the selected landfill location; begin operations at the new landfill; and properly and permanently close the Ordot Dump. In the event that GovGuam fails to meet any of the stipulated deadlines under the consent decree, GovGuam will be liable for civil penalties. Although closure and post closure care costs will be paid only near or after the date that Ordot Dump stops accepting waste, GovGuam's governmental activities reports a portion of these closure and post closure care costs as an expense in each period based on landfill capacity used as of each balance sheet date. The $16,641,000 reported as landfill closure and post closure care liability at September 30, 2005 within the accompanying financial statements, represents the cumulative amount reported based on 100 percent capacity. This amount is based on what it would cost to perform all closure and post closure care in 2005. GovGuam expects to close the landfill within the required timeframe. Actual cost may be higher due to inflation, changes in technology or changes in regulations.

(5) Unfunded Retirement Fund Contributions

As of the fiscal year ended September 30, 1994, the GovGuam Retirement Plan was a defined benefit, single-employer contributory pension plan created and administered by GovGuam. Membership in the Plan was mandatory for all full-time employees, except for those compensated on a fee basis, independent contractors, and persons aged 60 or over upon employment. The Plan is administered by the GovGuam Retirement Fund to which all funds and agencies, including component units, as well as employees who are members of the Plan, contribute a fixed percentage of the payroll. Most employees may retire with full benefits at age 60 with at least 10 years of service, or after 25 years of service, regardless of age. Vesting of benefits is optional for employees with 3 to 19 years of service, but is mandatory for employees with 20 or more years of service.

On September 30, 1995, the DCRS Plan, a defined contribution retirement plan, was created. All employees hired after September 30, 1995 are participants in the DCRS plan. The GovGuam Retirement Fund Defined Benefit (DB) Plan will become a closed group.

As a result of the most recent actuarial valuation performed as of September 30, 2003, it has been determined that for the year ended September 30, 2005, a minimum combined employer and employee contribution rate of 34.39% (9.5% for employees and 24.89% for employer) of covered Defined Benefit Plan payroll is required to appropriately fund the current cost, amortize prior service costs and provide for interest on the unfunded accrued liability.

The latest actuary's report indicates that the Plan has 5,657 active members, 4,756 service retirees, 505 disability retirees, 1,236 spouse pensioners and 312 child pensioners.

(5) Unfunded Retirement Fund Contributions, Continued

The Plan utilizes the actuarial cost method termed "entry age normal" with an assumed rate of return of 7%, an assumed payroll cost increase of 3.5%, and an assumed salary scale increase of 4.0% - 8.5% per annum. The actuarial valuation performed as of September 30, 2003, did not provide a breakdown of actuarial present value of vested and non-vested accumulated plan benefits by sponsor or net assets available for benefits by sponsor. If the actuarial valuation was performed for the primary government, as a separate sponsor, the accrued unfunded liability at September 30, 2005, may be materially different than that recorded in the accompanying financial statements.

Contributions into the DCRS plan by members are based on an automatic deduction of 5% of the member's regular base pay. The contribution is periodically deposited into an individual annuity account within the DCRS. Employees are afforded the opportunity to select from different annuity accounts available under the DCRS.

Statutory employer contributions into the DCRS plan for the year ended September 30, 2005, are determined using the same rate as the DB plan. Of the amount contributed by the employer, only 5% of the member's regular pay is deposited into the member's individual annuity account. The remaining amount is contributed towards the unfunded liability of the defined benefit plan.

Members of the DCRS plan, who have completed five years of government service, have a vested balance of 100% of both member and employer contributions plus any earnings thereon.

GovGuam has adopted the provisions of GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employees*. As the result of Public Law 21-03, the unfunded pension liability for the University of Guam and the Guam Community College is included within the governmental activities in the accompanying statement of net assets, which amounts to $5,361,724 and $4,060,942, respectively, as of September 30, 2005.

(6) Privatization and Sale of the Guam Telephone Authority

On August 31, 2004, the Guam Telephone Authority (GTA) entered into an Asset Purchase Agreement (APA) with TeleGuam for the privatization of GTA. Based on the terms of the APA, certain assets and liabilities of GTA, as of the closing date of December 31, 2004, were transferred to TeleGuam effective January 1, 2005 for a total purchase price of $150,000,000. The purchase price consisted of a $10,000,000 promissory note and $140,000,000 cash purchase price, that was subject to adjustment pending completion of the purchase price adjustment procedure as described in Section 2.5 of the APA.

In accordance with the APA, the following assets and liabilities were to be retained by GovGuam and transferred to the Interim Transition Coordinating Committee (ITCC) Fund:

Assets:

a. All cash and equivalents at closing date except customer deposits.
b. Title to land.
c. GTA's rights and claims to insurance carriers.
d. Rural Telephone Bank (RTB) stock.

(6) Privatization and Sale of the Guam Telephone Authority, Continued

During the year ended September 30, 2005, $3,201,591 in cash equivalents were transferred by GTA to a checking account in the name of the ITCC Fund. This checking account is maintained by GovGuam within the General Fund. As of September 30, 2005, the balance maintained within this checking account amounted to $2,471,388. Furthermore, RTB stock was transferred by GTA to the ITCC Fund in the amount of $933,800.

Liabilities:

a. Arising from the APA.
b. Resulting from non-compliance with the provisions of the Uniform Commercial Code.
c. For borrowed monies, including long-term debt to the Rural Utilities Service (RUS), RTB and the Federal Financing Bank (FFB).
d. Pertaining to environmental conditions.
e. Arising in connection with the GTA's Benefit Plan.
f. To present or former employees.
g. Relating to excluded assets or expired purchase orders.

Pursuant to Public Law 28-94, GovGuam was required to pay the unfunded liability of GTA's defined benefit plan to the GovGuam Retirement Fund. As of September 30, 2005, this amounted to $11,900,000, which has been recorded as a liability due to pension trust funds of the GTA Privatization Proceeds Fund within the accompanying financial statements.

The $140,000,000 was deposited into the following accounts pursuant to the terms of the Escrow Agreement and Public Law 26-70, as amended:

Cushion of Credit Account - $108,204,064 was deposited into an interest bearing Cushion of Credit Account (Cushion Account) at the Federal Reserve Bank in New York pursuant to a Cushion Agreement between GTA and RUS. This represented long-term debt owed by GTA to RUS, RTB and FFB, which were not assumed by TeleGuam. Subsequent to the final payment of all outstanding debt owed to RUS, RTB and FFB, the remaining balance in the Cushion Account, totaling $3,556,552, was transferred from the GTA Privatization Proceeds Fund to the ITCC Fund.

Balance Account - $21,571,909 was deposited into an interest bearing escrow account known as the "Balance Account" maintained by U.S. Bank, to be used to pay any retained liabilities.

Deposit Account - $9,224,027 was deposited into an interest bearing escrow account known as the "Deposit Account" maintained by U.S. Bank to be used to pay the purchase price adjustment. On December 21, 2005, a final settlement was made between GovGuam and TeleGuam resulting in a payment from the Deposit Account to TeleGuam in the amount of $5,894,593. This amount has been recorded within the accompanying financial statements and is reflected as a liability of the GTA Privatization Proceeds Fund.

Indemnification Account - $1,000,000 was deposited into an interest bearing escrow account known as the "Indemnity Account" maintained by U.S. Bank. The $1,000,000 is to be maintained in escrow pursuant to a side letter agreement entered into between GTA and TeleGuam and will be released upon successful resolution of the Tiyan condemnation proceedings or go towards relocation costs if the resolution of the proceedings requires relocation of the Tiyan Remote Switching Center or the proceedings are not resolved by December 31, 2007.

(6) Privatization and Sale of the Guam Telephone Authority, Continued

In January 2005, a $4,665,307 payment was made for the RUS, RTB and FFB principal and interest payments which were due on December 31, 2004. The payment consisted of principal and interest payments of $2,102,701 and $2,562,604, respectively. On March 31, 2005, a final payment was made in the amount of $103,085,425 for the remaining unpaid principal and accrued interest on the RUS, RTB and FFB loans. The payment consisted of principal and interest payments of $99,445,654 and $3,639,771, respectively.

(7) Discretely Presented Component Unit Disclosures

A. Restricted Cash and Cash Equivalents and Time Certificates of Deposit

Guam International Airport Authority (GIAA):

The bond indenture agreement for GIAA's 2003 series revenue bond requires the establishment of special funds and accounts to be held and administered by GIAA's trustees. At September 30, 2005, restricted cash and cash equivalents held by the trustees, in trust for GIAA, in these funds and accounts are as follows:

Cash with trustee	$ 4,718
Bond Reserve Funds	1,754,204
Bond Funds	13,322,098
Renewal and Replacement Fund	3,553,285
Cost of Issuance Fund	304,855
	$ 18,939,160

Guam Power Authority (GPA):

The bond indenture agreements for GPA's 1993 and 1999 series revenue bonds require the establishment of special funds and accounts to be held and administered by GPA's trustees. At September 30, 2005, restricted cash and cash equivalents held by the trustees, in trust for GPA, in these funds and accounts are as follows:

Construction Funds	$ 20,423,091
Interest and Principal Funds	17,215,622
Bond Funds	5,011,223
	$ 42,649,936

Guam Waterworks Authority (GWA):

Public Law 19-47 authorized GWA to establish a water and sewer development charge schedule, which assesses a charge on each user who connects for the first time from any property onto the island's water or wastewater system, or to each builder if the density of development connected to the system is increased. These funds shall be expended only for expanding, upgrading or repairing water and wastewater systems on Guam. At September 30, 2005, restricted cash and cash equivalents held for this purpose amounted to $166,067.

(7) Discretely Presented Component Unit Disclosures, Continued

A. Restricted Cash and Cash Equivalents and Time Certificates of Deposit, Continued

Guam Waterworks Authority (GWA), Continued:

Furthermore, GWA maintained restricted cash and cash equivalents for bond indenture related accounts. At September 30, 2005, these consisted of the following:

Operation and Maintenance	$ 1,240,985
PUC Surcharge	2,025,482
Navy Surcharge	404,089
Debt Service Funds	1,342,087
Capital Acquisition Funds	13,246,501
CIP Reserve Funds	944,068
Earthtech, Meter Reserve and Escrow Account	309,078
	$ 19,512,290

University of Guam (UOG):

At September 30, 2005, UOG maintained restricted cash and cash equivalents for debt service related accounts in the amount of $3,001,348. In addition, pursuant to Public Law 25-187, UOG is the recipient of tobacco settlement bond proceeds issued by the Guam Economic Development and Commerce Authority. Public Law 25-187 requires the establishment of a separate account to be administered by UOG to be expended exclusively for enhancement of learning resources and technology. At September 30, 2005, restricted cash and cash equivalents held for this purpose amounted to $1,860,944.

Guam Community College (GCC):

Pursuant to Public Law 25-187, GCC is the recipient of tobacco settlement bond proceeds issued by the Guam Economic Development and Commerce Authority. Public Law 25-187 requires the establishment of a separate account to be administered by GCC to be expended exclusively for enhancement of learning resources and technology. At September 30, 2005, restricted cash and cash equivalents held for this purpose amounted to $269,354.

Guam Housing and Urban Renewal Authority (GHURA):

Cash and cash equivalents and time certificate of deposit balances are classified as restricted due to the specific nature and purpose of their existence. At September 30, 2005, cash and cash equivalents and time certificates of deposits held by GHURA in these funds and accounts are as follows:

Community Development Block Grant Fund	$ 7,661
Low Income Housing Fund	235,759
Housing Assistance Payments Fund	676,879
Guam Elderly Housing Project Fund	381,022
Other	97,536
	$ 1,398,857

(7) Discretely Presented Component Unit Disclosures, Continued

A. Restricted Cash and Cash Equivalents and Time Certificates of Deposit, Continued

Guam Housing Corporation (GHC):

The bond indenture agreement for GHC's mortgage revenue bonds requires the establishment of special funds and accounts to be held and administered by GHC's trustees for the accounting of monies. At September 30, 2005, restricted cash and cash equivalents held in trust under the bond indenture amounted to $6,580,607.

Furthermore, GHC self-insures for all risks relating to Lada Gardens and Guma As-Atdas. A separate cash account was established to fund any damages that may arise in the future. At September 30, 2005, restricted cash set aside to fund these damages amounted to $796,603.

Guam Economic Development and Commerce Authority (GEDCA):

The bond indenture for GEDCA requires the establishment of special debt service funds and accounts to be held and administered by GEDCA's trustees for the accounting of the monies. At September 30, 2005, restricted short-term money market fund investments held for this purpose amounted to $1,402,061.

B. Deposits and Investments

GASB Statement No. 3 previously required government entities to present investment risks in terms of whether the investments fell into the following categories:

Category 1 — Investments that are insured or registered, or securities held by the component units' or its agent in the component units' name;

Category 2 — Investments that are uninsured and unregistered for which the securities are held by the counterparty's trust department or agent in the component units' name; or

Category 3 — Investments that are uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in component units' name.

GASB Statement No. 40 amended GASB Statement No. 3 to in effect eliminate disclosure for investments falling into categories 1 and 2, and provided for disclosure requirements addressing other common risks of investments such as credit risk, interest rate risk, concentration of credit risk, and foreign currency risk. GASB Statement No. 40 did retain and expand the element of custodial credit risk in GASB Statement No. 3.

Guam International Airport Authority (GIAA):

GIAA maintains cash deposits in banks, which at times may exceed federal depository insurance limits. At September 30, 2005, $200,000 of bank deposits were covered by federal depository insurance, with the remainder being uninsured and uncollateralized. Additionally, GIAA maintains short-term investments in the amount of $38,034,351 held and administered by GIAA's trustees. Based on negotiated trust and custody agreements, all of these investments were held by GIAA's trustees in GIAA's name in accordance with various trust agreements and bond indentures.

(7) Discretely Presented Component Unit Disclosures, Continued

B. Deposits and Investments, Continued

Guam International Airport Authority (GIAA), Continued:

As of September 30, 2005, GIAA's investments in debt securities were as follows:

	Moody's Credit Rating	Investment Maturities (In Years) Less Than 1	1 to 5	6 to 10	Greater Than 10	Total
U.S. treasury notes	Aaa/P-1	$ 567,137	$ 589,443	$ -	$ -	$ 1,156,580
U.S. government agencies:						
Federal Home Loan Bank	Aaa/P-1	1,137,062	3,171,835	-	-	4,308,897
Federal Farm Credit Bank	Aaa/P-1	1,302,647	1,694,228	-	-	2,996,875
Freddie Mac	Aaa/P-1	-	1,685,653	-	-	1,685,653
Corporate notes:						
CDC Funding Corporation	Aaa/P-1	-	-	-	18,045,950	18,045,950
Other	Aa2/P-1	-	80,035	-	-	80,035
Other	Aa3/P-1	-	132,540	-	-	132,540
Other	A1/P-1	-	93,717	-	-	93,717
Other	A2/P-1	-	221,645	-	-	221,645
Other	A3/P-2	-	264,813	-	-	264,813
		$ 3,006,846	$ 7,933,909	$ -	$ 18,045,950	$ 28,986,705

At September 30, 2005, GIAA's investments are held and administered by trustees in accordance with bond indentures for the purpose of funding various capital projects and future debt service requirements. Based on negotiated trust and custody contracts, all of these investments were held in GIAA's name by GIAA's custodial financial institutions at September 30, 2005.

Guam Power Authority (GPA):

As of September 30, 2005, the carrying amount of GPA's total cash and cash equivalents and time certificates of deposit was $56,880,295 and the corresponding bank balances were $56,622,082. Of the bank balance amount, $6,778,731 is maintained in financial institutions subject to FDIC insurance. The remaining amount represents short-term investments held and administered by GPA's trustees and cash on hand. Based on negotiated trust and custody agreements, all of these investments were held by GPA's trustees in GPA's name in accordance with various trust agreements and bond indentures. As of September 30, 2005, bank deposits in the amount of $685,160 were FDIC insured. GPA does not have a deposit policy for custodial credit risk and does not require collateralization of its cash deposits; therefore, deposit levels in excess of FDIC insurance coverage are uncollateralized. Accordingly, these deposits are exposed to custodial credit risk.

(7) Discretely Presented Component Unit Disclosures, Continued

B. Deposits and Investments, Continued

Guam Power Authority (GPA), Continued:

The bond indentures for GPA require the establishment of special funds and accounts to be held and administered by GPA's trustees for the accounting of the monies. At September 30, 2005, investments held by the trustees, in trust for GPA, in these funds and accounts are as follows:

Restricted:	
Bond Reserve Funds	$ 27,485,086

GPA's investments are stated at amortized cost including accrued interest. The carrying value of investments is as follows:

As of September 30, 2005, GPA's investments in debt securities were as follows:

	Moody's Credit Rating	Investment Maturities (In Years) Less Than 1	1 to 5	6 to 10	Greater Than 10	Total
Commercial paper:						
General Electric Corporation	Aaa/P-1	$ 13,742,000	$ -	$ -	$ -	$ 13,742,000
Crimson Corporation	Ba1	13,743,086	-	-	-	13,743,086
		$ 27,485,086	$ -	$ -	$ -	$ 27,485,086

Guam Waterworks Authority (GWA):

As of September 30, 2005, the carrying amount of GWA's total cash and cash equivalents was $21,244,790 and the corresponding bank balance was $21,010,527, which was maintained in financial institutions subject to FDIC insurance. As of September 30, 2005, bank deposits in the amount of $452,570 were FDIC insured. GWA does not have a deposit policy for custodial credit risk and does not require collateralization of its cash deposits; therefore, deposit levels in excess of FDIC insurance coverage are uncollateralized. Accordingly, these deposits are exposed to custodial credit risk.

Port Authority of Guam (PAG):

As of September 30, 2005, the carrying amount of PAG's total cash and cash equivalents and time certificates of deposit were $17,502,530, which approximated bank balances that were maintained in financial institutions subject to FDIC insurance. As of September 30, 2005, bank deposits in the amount of $400,006 were FDIC insured. PAG does not have a deposit policy for custodial credit risk and does not require collateralization of its cash deposits; therefore, deposit levels in excess of FDIC insurance coverage are uncollateralized. Accordingly, these deposits are exposed to custodial credit risk.

(7) Discretely Presented Component Unit Disclosures, Continued

B. Deposits and Investments, Continued

University of Guam (UOG):

As of September 30, 2005, the carrying amount of UOG's total cash and cash equivalents and time certificates of deposit was $9,144,553 (excluding the legally separate tax-exempt foundation) and the corresponding bank balance was $9,905,133. Of the bank balance amount, $6,272,046 is maintained in financial institutions subject to FDIC insurance, or collateralized by securities held by a trustee in the name of the financial institution. UOG does not require collateralization of its cash deposits; therefore, deposit levels in excess of FDIC insurance coverage are uncollateralized. Accordingly, these deposits are exposed to custodial credit risk.

Investments held by UOG consist of money market funds, U.S. Treasury and agency obligations, and common stock. The carrying value of investments is as follows:

Unrestricted:	
Money market funds	$ 309,026
Fixed income securities	1,370,828
Domestic equities	4,144,394
	5,824,248
Restricted for endowments:	
Money market funds	410,486
Fixed income securities	1,820,901
Domestic equities	5,505,090
	7,736,477
	$ 13,560,725

As of September 30, 2005, UOG's investments in debt securities were as follows:

	Investment Maturities (In Years)				
	Less Than 1	1 to 5	6 to 10	Greater Than 10	Total
U.S. treasury notes	$ 857,333	$ 69,191	$ 192,254	$ 602,513	$ 1,721,291
U.S. government agencies	-	31,734	139,908	17,916	189,558
Mortgage and asset-backed	-	75,847	16,653	992,309	1,084,809
Corporate notes and bonds	-	38,206	132,384	25,481	196,701
	$ 857,333	$ 214,978	$ 481,199	$ 1,638,219	$ 3,191,729

(7) Discretely Presented Component Unit Disclosures, Continued

B. Deposits and Investments, Continued

University of Guam (UOG), Continued:

UOG's exposure to credit risk at September 30, 2005, was as follows:

Moody's Rating	Total	Domestic	International
AAA/AAA	$ 2,923,694	$ 2,923,694	$ -
AAA	92,976	92,976	-
A1/A	37,070	37,070	-
A2/A	9,909	9,909	-
AA3/A+	54,390	54,390	-
A3/A-	21,799	21,799	-
A3/BBB	10,281	10,281	-
BAA1/BBB	20,808	20,808	-
BAA2/BBB+	20,802	20,802	-
Total credit risk debt securities	$ 3,191,729	$ 3,191,729	$ -

Investments held by the University of Guam Endowment Foundation, Inc., a legally separate tax-exempt foundation of UOG, consist of money market funds, U.S. Treasury and agency obligations, and common stock.

The carrying value of investments held by the Foundation is as follows:

Restricted for endowments:	
Money market funds	$ 308,845
U.S. Government notes and bonds	1,365,556
Domestic equities	5,447,601
	$ 7,122,002

Guam Community College (GCC):

As of September 30, 2005, the carrying amount of GCC's cash and cash equivalents was $7,611,653 (excluding the legally separate tax-exempt foundation) and the corresponding bank balance was $7,403,949. Of the bank balance amount, $7,157,429 is maintained in financial institutions subject to Federal Deposit Insurance Corporation (FDIC) insurance. As of September 30, 2005, bank deposits in the amount of $246,520 were FDIC insured. GCC does not have a deposit policy for custodial credit risk and does not require collateralization of its cash deposits; therefore, deposit levels in excess of FDIC insurance coverage are uncollateralized. Accordingly, these deposits are exposed to custodial credit risk.

Pursuant to Public Law 25-187, GCC is the recipient of tobacco settlement bond proceeds issued by the Guam Economic Development and Commerce Authority. Public Law 25-187 requires the establishment of a separate account to be administered by GCC to be expended exclusively for enhancement of learning resources and technology. At September 30, 2005, GCC had one fixed income corporate note in the amount of $1,740,000, which matures on May 15, 2041, and is rated Baa3 by Moody's Investor Services.

(7) Discretely Presented Component Unit Disclosures, Continued

B. Deposits and Investments, Continued

Guam Community College (GCC), Continued:

Investments held by the Guam Community College Endowment Foundation, Inc., a legally separate tax-exempt foundation of GCC, consist of money market funds, U.S. Treasury and agency obligations, and common stock. The carrying value of investments is as follows:

Restricted for endowments:	
Money market funds	$ 450,845
U.S. Government notes and bonds	1,410,264
Common stocks	5,385,960
	$ 7,247,069

Guam Housing and Urban Renewal Authority (GHURA):

As of September 30, 2005, the carrying amount of GHURA's total cash and cash equivalents and time certificates of deposit were $10,754,639, which are maintained in financial institutions subject to FDIC insurance. As of September 30, 2005, bank deposits in the approximate amount of $100,000 were FDIC insured with the remaining amounts subject to collateralization.

Guam Housing Corporation (GHC):

As of September 30, 2005, the carrying amount of GHC's total cash and cash equivalents was $10,438,128 and the corresponding bank balances were $9,641,525. Of the bank balance amount, $4,996,513 is maintained in financial institutions subject to FDIC insurance. The remaining amount represents short-term investments held and administered by GHC's trustees and cash on hand. Based on negotiated trust and custody agreements, all of these investments were held by GHC's trustees in GHC's name in accordance with various trust agreements and bond indentures. As of September 30, 2005, bank deposits in the approximate amount of $100,000 were FDIC insured. GHC does not have a deposit policy for custodial credit risk and does not require collateralization of its cash deposits; therefore, deposit levels in excess of FDIC insurance coverage are uncollateralized. Accordingly, these deposits are exposed to custodial credit risk.

The bond indenture for GHC requires the establishment of special funds and accounts to be held and administered by GHC's trustees for the accounting of the monies. At September 30, 2005, investments held by the trustees, in trust for GHC, in these funds and accounts are as follows:

Restricted:	
Foreclosure Protection Fund	$ 375,921
Program Fund	888
Escrow Fund	15,974
Capitalized Interest Fund	230
Revenue Fund	5,514,295
	$ 5,907,308

(7) Discretely Presented Component Unit Disclosures, Continued

B. Deposits and Investments, Continued

Guam Housing Corporation (GHC), Continued:

GHC's investments are stated at amortized cost including accrued interest. The carrying value of investments is as follows:

Money market/trust funds	$ 5,907,308

Chamorro Land Trust Commission (CLTC):

As of September 30, 2005, the carrying amount of CLTC's total cash and cash equivalents was $951,571, which approximated bank balances that were maintained in financial institutions subject to FDIC insurance. As of September 30, 2005, bank deposits in the amount of $100,000 were FDIC insured. CLTC does not have a deposit policy for custodial credit risk and does not require collateralization of its cash deposits; therefore, deposit levels in excess of FDIC insurance coverage are uncollateralized. Accordingly, these deposits are exposed to custodial credit risk.

Guam Economic Development and Commerce Authority (GEDCA):

At September 30, 2005, the carrying amount of GEDCA's cash and cash equivalents was $1,511,978 and the corresponding bank balance was $1,592,051. Of the bank balance amount, $189,990 is maintained in financial institutions subject to FDIC insurance. The remaining amount of $1,402,061 represents short-term investments held and administered by GEDCA's trustees in accordance with a tobacco settlement agreement. Based on a negotiated trust and custody contract, these investments were held in GEDCA's name by GEDCA's custodial financial institution at September 30, 2005. As of September 30, 2005, bank deposits in the amount of $138,070 were FDIC insured. GEDCA does not have a deposit policy for custodial credit risk and does not require collateralization of its cash deposits; therefore, deposit levels in excess of FDIC insurance coverage are uncollateralized. Accordingly, these deposits are exposed to custodial credit risk. As of September 30, 2005, GEDCA's investments are as follows:

Amount		Maturity
Shares in mutual funds - unrestricted	$ 1,051,857	N/A
FHLMC discount note - restricted	2,317,009	November 15, 2005

GEDCA's investment in FHLMC discount note is held and registered in the name of U.S. Bank as Co-Trustee for the 2001 Series A and B Tobacco Settlement Bond.

Guam Visitors Bureau (GVB):

At September 30, 2005, the carrying amount of GVB's cash and cash equivalents was $2,086,084 and the corresponding bank balance was $2,362,167. Of the bank balance amount, $2,072,870 is maintained in financial institutions subject to FDIC insurance. As of September 30, 2005, bank deposits in the amount of $170,547 were FDIC insured. GVB does not have a deposit policy for custodial credit risk and does not require collateralization of its cash deposits; therefore, deposit levels in excess of FDIC insurance coverage are uncollateralized. Accordingly, these deposits are exposed to custodial credit risk.

(7) Discretely Presented Component Unit Disclosures, Continued

B. Deposits and Investments, Continued

Guam Educational Telecommunications Corporation (GETC):

At September 30, 2005, GETC held two time certificates of deposit with interest rates at 0.5%. GETC also maintains cash balances at several financial institutions located in Guam, which are subject to FDIC insurance. At September 30, 2005, GETC bank deposits in the amount of $1,097,853 exceeded FDIC insurance coverage. GETC does not have a deposit policy for custodial credit risk and does not require collateralization of its cash deposits; therefore, deposit levels in excess of FDIC insurance coverage are uncollateralized. Accordingly, these deposits are exposed to custodial credit risk.

C. Long-Term Obligations

As of September 30, 2005, the discretely presented component units had the following long-term debt outstanding:

Guam International Airport Authority (GIAA):

General Revenue Bonds, Series 2003 (original issue of $216,250,000), varying interest rates at 1.45% - 5.375% per annum, payable semiannually in October and April, principal fund payments due in varying annual installments of $5,600,000 due in October 2004, and increasing to $12,295,000 in October 2023.	$ 210,650,000
Add net unamortized premium on bonds	8,261,865
Less deferred difference on refunding of 1993 bonds	(6,653,513)
	212,258,352
Less current installments	(6,685,000)
	$ 205,573,352

Indentures to the GIAA 2003 Series A Bonds:

The General Revenue Bonds, Series 2003, including interest, are payable solely from and are secured by a pledge of revenues under the indenture. The bonds are collateralized by a lien upon and pledge of revenues to be received by GIAA, the trustees and the depository. Neither the payment of the principal of the bonds, nor any interest thereon, is a debt, liability or obligation of GovGuam.

The bond indentures include certain debt service and reserve requirements including the requirement that net revenues as defined in the bond indentures equal at least 125% of the annual debt service.

(7) Discretely Presented Component Unit Disclosures, Continued

C. Long-Term Obligations, Continued

Guam Power Authority (GPA):

General Revenue Bonds, Series 1993 (original issue of $100,000,000), varying interest rates at 3.90% to 5.25% per annum, payable semiannually in October and April, principal and mandatory sinking fund payments due in varying annual installments commencing with a payment of $1,725,000 in October 1996, and increasing to $6,535,000 in October 2023. The bonds have been issued to finance acquisitions of additional generating capacity, to construct additional transmission facilities, and to upgrade and refurbish existing equipment.	$ 81,425,000
General Revenue Bonds, Series 1999 (original issue of $349,178,601), varying interest rates at 3.90% to 5.25% per annum, payable semiannually in October and April, principal and mandatory sinking fund payments due in varying annual installments commencing with a payment of $2,950,000 in October 2000, and increasing to $26,110,000 in October 2034. The bonds have been issued to finance new projects as specified in the bond indenture and to retire certain outstanding bonds and the commercial paper issued for the purpose of financing certain commercial paper projects.	333,163,601
Taxable commercial paper issued November 1, 2004, with interest at 4% per annum, payable at maturity.	20,000,000
	434,588,601
Less discount on bonds	(5,829,098)
Less deferred loss on defeasance	(16,858,962)
	411,900,541
Less current installments	(26,200,000)
	$ 385,700,541

Indentures to the GPA 1993 and 1999 Series Bonds:

All gross revenues of GPA have been pledged to repay the 1993 and 1999 series bond principal and interest. Discounts associated with 1993 and 1999 bond series are being amortized using the effective interest method over the lives of the bonds. On September 28, 2000, GPA entered into a Bond Reserve Fund Forward Delivery Agreement (the agreement) with the US Bank Trust National Association and Bank of America. In connection with the agreement, GPA received cash totaling $13.5 million in October 2000 representing the present value amount of interest income on certain bond proceeds invested by GPA.

Based on the terms of the agreement, gross proceeds totaled $17,521,029 while GPA incurred termination fees and closing costs totaling $3,530,000 and $1,250,529, respectively. The $13.5 million in net proceeds received included $759,500 of interest income earned as of the closing date of the agreement. The gross proceeds, termination fees and closing costs will be deferred and amortized on a straight line basis over the average remaining life of the 1993 and 1999 bonds.

(7) Discretely Presented Component Unit Disclosures, Continued

C. Long-Term Obligations, Continued

Guam Waterworks Authority:

Note payable to Municipal Services Group, Inc., interest at 5.18% per annum, payable in semi-annual installments of $444,499, including interest, through July 15, 2007, and $1,172,054 through July 15, 2015.	$ 15,385,845
Note payable to the U.S. Navy, with interest at 1.25% per annum, payable in monthly installments of $45,833, including interest, through March 2009, $132,545 through March 2011, and $264,853 through June 2012.	8,012,964
	23,398,809
Less current installments	(544,348)
	$ 22,854,461

University of Guam (UOG):

Promissory note payable to the U.S. Department of Agriculture in the amount of $13,500,000, interest at 4.5% per annum, principal and interest payable commencing July 2006 in monthly installments of $62,505. The note is collateralized by real property.	$ 4,485,122
University of Guam Dormitory and Student Union Revenue Bonds of 1968, with interest at 6% per annum, payable semiannually in October and April, principal fund payments due in varying annual installments of $30,000 to $90,000 through October 2008.	260,000
	4,745,122
Less current installments	(85,000)
	$ 4,660,122

Indentures to the UOG Bonds:

Principal and interest are payable from, and are categorized by, a first charge and lien on the net revenues derived by the University Dormitory Revenue Fund, as defined in the bond resolution. The bonds are not an obligation of GovGuam, but are solely that of the University Dormitory Revenue Fund. As a requirement of the bond resolution, the University Dormitory Revenue Fund is to transfer semi-annually on March 15, and September 15, to the University Dormitory Interest and Redemption Fund, a sum equal to sixty-two and one-half percent of the aggregate amount of principal and interest becoming due on the bonds during the next succeeding twelve months until such time as the funds in the Interest Redemption Fund are sufficient to pay the interest and one-half of the principal next coming due, and to provide a reserve in an amount equal to the average annual debt service which approximates $92,770. The bond resolution also requires that when the annual debt service reserve has been satisfied, the Fund is to deposit into an account, to the extent available, up to $14,000 per year to the credit of the repair and replacement reserve account.

(7) Discretely Presented Component Unit Disclosures, Continued

C. Long-Term Obligations, Continued

Guam Community College (GCC):

Due to U.S. Department of Education, with interest at 5.5% per annum, payable in semi-annual installments of $102,660, including interest, through September 2032, collateralized by revenues and non-appropriated funds of GCC.	$ 2,400,000
Less current installments	(210,579)
	$ 2,189,421

Guam Housing and Urban Renewal Authority:

Due to Farmers' Home Administration, with interest at 6% per annum, payable in equal monthly installments of $10,540, including interest, through April 2030, collateralized by restricted cash balances.	$ 1,585,597

Guam Housing Corporation (GHC):

Mortgage-Backed Revenue Bonds, Series 1998, (original issue of $50,000,000), varying interest rates at 4.45% to 5.75% per annum, payable semiannually in March and September, principal payments due in varying semiannual installments of $45,000 due in March 2004, and increasing to $75,000 in September 2013; $74,931 due in March 2014, and increasing to $95,420 in September 2018; $108,434 due in March 2019, and increasing to $119,511 in September 2021; and $114,064 due in March 2022, and increasing to $194,200 in September 2031.	$ 5,515,000
Note payable to Federal Home Loan Bank of Seattle, interest rate at 6.49% per annum, interest payable monthly, principal due in 2014, collateralized by proceeds received from mortgage loans made by GHC.	8,521,398
	14,036,398
Less current installments	(729,635)
	$ 13,306,763

Indentures to the GHC Series 1998 Bonds:

The bonds are limited obligations of GHC payable from the revenues and other assets pledged for the payment thereof and are not a lien or charge upon the funds of GHC, except to the extent of the pledge and assignment set forth in the Indenture and in the bonds. The bonds do not constitute indebtedness or a loan of credit of GovGuam or the United States of America, within the meaning of the Organic Act of Guam or statutory provisions. Neither the faith and credit nor the taxing power of GovGuam is pledged to the payment of the principal or interest on the bonds. GHC has no taxing authority. The bonds are not a debt, liability or obligation of GovGuam, and GovGuam is not liable for the payment thereof.

(7) Discretely Presented Component Unit Disclosures, Continued

C. Long-Term Obligations, Continued

Guam Housing Corporation (GHC), Continued:

Indentures to the GHC Series 1998 Bonds, Continued:

The bonds maturing in September 2031 are not subject to optional redemption prior to maturity. The bonds maturing after September 2008 but before September 2021 are subject to redemption on any date on or after September 2008, at the option of GHC, in whole, or in part from such maturities as are determined by GHC, from any source of available monies, at the redemption prices set forth in the Indenture. The bonds maturing in September 2018, in September 2021, and in September 2031 are subject to mandatory redemption prior to maturity at a redemption price equal to 100% of the principal amount redeemed, plus accrued interest thereon to the date fixed for redemption, from sinking fund installments which are required to be made in amounts sufficient to redeem on dates set forth in the Indenture.

GHC had expended bond proceeds and originated loans totaling $6,249,012 as of September 30, 2005, for which the Trustee had fully disbursed such moneys from the Program Fund for the acquisition of Mortgage-Backed Securities.

The bond indenture contains certain restrictive covenants, including restrictions on the use of bond funds. Management of GHC is of the opinion that GHC was in compliance with all significant covenants except for the full non-origination of the entire $50 million mortgage revenue bond as of September 30, 2005.

Guam Economic Development and Commerce Authority:

Tobacco Settlement Asset-Backed Bonds, 2001 Series A (original issue of $11,982,980 with a maturity par value of $13,270,000), varying interest rates at 5% - 5.4% per annum, payable semiannually in May and November, principal fund payments due in varying annual installments commencing with a payment of $580,000 in May 2002 and increasing to $2,175,000 in May 2012. These bonds are payable solely from and secured by certain revenues. The bonds have been issued for deposit to trust and endowment funds.	$ 10,920,000
Tobacco Settlement Asset-Backed Bonds, 2001 Series B (original issue of $13,494,479 with a maturity par value of $14,990,000), varying interest rates at 5.2% - 5.5% per annum, payable semiannually in May and November, principal fund payments due in varying annual installments commencing with a payment of $175,000 in May 2012 and increasing to $3,615,000 in May 2017. These bonds are payable solely from and secured by certain revenues. The bonds have been issued for deposit to trust and endowment funds.	14,990,000
	25,910,000
Less discount on bonds	(1,451,540)
	24,458,460
Less current maturities	(505,000)
	$ 23,953,460

(7) Discretely Presented Component Unit Disclosures, Continued

C. Long-Term Obligations, Continued

Guam Visitors Bureau (GVB):

Note payable to a bank, interest at prime rate less 2%, due in monthly principal installments of $25,000, plus interest, collateralized by a time certificate of deposit.	$ 100,000

As of September 30, 2005, GovGuam was unable to obtain debt service information to maturity for its discretely presented component units as a whole.

D. Commitments and Contingencies

Leases

Guam Power Authority (GPA):

In September 1996, GPA entered into agreements to purchase electricity produced by generating plants constructed or refurbished and operated by three companies. The agreements have twenty-year terms. At the end of the agreements, ownership of the plants and the plant improvements reverts to GPA. Under each of the agreements, GPA pays capacity and operation and maintenance costs. GPA retroactively implemented the accounting guidance of EITF No. 01-8, effective October 1, 2001. EITF No. 01-8 provides guidance in determining when purchase agreements may be subject to lease accounting. In applying EITF No. 01-8, GPA determined that the agreements to purchase electricity were in fact capital leases to acquire the plants and that the capacity payments made under the agreements were lease payments. The operations and maintenance payments under the agreements continue to be reflected as operation and maintenance expenses.

The leases have effective interest rates ranging from 8.6% - 14.2%. Future capacity payments under these agreements are as follows:

Year Ending September 30,	
2006	$ 23,084,304
2007	23,084,304
2008	23,084,304
2009	23,084,304
2010	23,084,304
2011 - 2015	115,421,520
2016 - 2019	71,136,769
	301,979,809
Less amounts representing interest	(152,857,335)
	149,122,474
Less current portion	(4,957,492)
	$ 144,164,982

(7) Discretely Presented Component Unit Disclosures, Continued

D. Commitments and Contingencies, Continued

Leases, Continued

Guam Power Authority (GPA), Continued:

On December 31, 2002, GPA entered into a lease agreement for its office building for an initial term of two years with a monthly rental of $25,000, with an option to extend for three additional one-year terms.

GPA also leases fuel storage tanks for a monthly fee of $100,000 beginning September 1998, increasing to $107,500 in March 2003. The initial term of the lease is for a period of 10 years with an option to renew for an additional 5-year period, expiring on September 2013, at an increased monthly lease fee of $115,650.

At September 30, 2005, future minimum lease payments for the aforementioned leases are as follows:

Year Ending September 30,	
2006	$ 1,639,307
2007	1,639,307
2008	1,414,307
2009	18,885
2010	16,119
	$ 4,727,925

University of Guam (UOG):

In November 1997, UOG entered into a ten-year capital lease agreement to obtain equipment for an energy conservation project. Future obligations under the capital lease are as follows:

Year Ending September 30,	
2006	$ 173,530
2007	173,530
2008	130,149
	477,209
Less amounts representing interest	(40,878)
	436,331
Less current portion	(209,304)
	$ 227,027

Approximately $1 million of construction in progress related to the energy conservation project was subsequently written off.

(7) Discretely Presented Component Unit Disclosures, Continued

D. Commitments and Contingencies, Continued

Environmental Monitoring

In September 2000, the Navy transferred 1,417 acres of property to GIAA and GovGuam at no cost. In November 2000, the Navy paid GIAA $10 million. In exchange for the payment, GIAA and GovGuam agreed to complete certain environmental monitoring work on the property even if the cost of the environmental monitoring work exceeds the $10 million remitted by the Navy. Under this cooperative agreement, the United States Navy may terminate or suspend the agreement if GIAA and GovGuam fail to complete such monitoring work. The future cost of the environmental monitoring work is presently not determinable. Accordingly, no loss, if any, that may result from the matter, has been recorded in the accompanying financial statements for this transaction.

Guam Waterworks Authority (GWA) EPA Violation

In December 2002, the United States Government filed a complaint against GWA and GovGuam for alleged violations under the Federal Clean Water Act (CWA) and the Safe Drinking Water Act (SDWA). Because of GWA's non-compliance with the National Primary Drinking Water Regulations, the U.S. Government is seeking both civil penalties and injunctive relief to address such non-compliance. GWA and the U.S. Department of Justice, Environmental and Natural Resources Division, mutually agreed in the form of Stipulated Order to resolve the violation issues. On June 5, 2003, Stipulated Order For Preliminary Relief was filed before the District Court of Guam. The Stipulation requires implementation of short-term projects and initial planning measures by GWA. GWA is required to submit a final financial plan in the Master Plan, that generates sufficient revenues to cover the cost of all compliance activities and deliverables required by the Stipulated Order for Preliminary Relief, as well as any other anticipated expenses, including any measures necessary to ensure compliance with the CWA and the SDWA and costs related to the infrastructure improvements identified in the Master Plan.

GWA has entered into a long-term agreement to purchase a minimum of 3 to 4 million gallons per day of potable water at $1.57 per 1,000 gallons for a period of 20 years. If GWA decides to terminate the agreement, GWA must pay a fixed termination fee. In March 2006, GWA terminated this long-term agreement.

E. Subsequent Events

In January 2006, the Guam Waterworks Authority (GWA) issued a bond in the amount of $101,175,000 for the purpose of funding capital improvements to GWA's water and wastewater systems, refinancing certain outstanding obligations of GWA, and financing new water meters. Interest on the bond is payable on January 1 and July 1 of each year, commencing January 1, 2006. Interest accrues on a 360 day year twelve 30-day months. The bond matures on July 1, 2035.

(7) Discretely Presented Component Unit Disclosures, Continued

E. Subsequent Events, Continued

GWA fully paid the debt to Municipal Services Group, Inc. (MSG) through the above debt issuance. As a result, MSG has indicated that it may make a claim against GWA in connection with the investment earnings on the Acquisition Fund for the Certificates of Participation 2005 Services relative to financing the purchase and installation of GWA's water meters. No provision has been recorded in the accompanying financial statements for any liability, if any, that may result from the matter as it is management's position that no claim will ultimately be asserted.

GOVERNMENT OF GUAM

REQUIRED SUPPLEMENTARY INFORMATION

YEAR ENDED SEPTEMBER 30, 2005

GOVERNMENT OF GUAM

Statement of Revenues, Expenditures by Department, and Changes in Deficit - Budget and Actual
General Fund
Year Ended September 30, 2005

	Budgeted Amounts		Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Taxes:				
Income	$ 219,951,000	$ 219,951,000	$ 224,948,390	$ 4,997,390
Gross receipts	172,000,000	172,000,000	149,081,382	(22,918,618)
Other	3,000,000	3,000,000	2,346,107	(653,893)
Federal contributions	50,000,000	50,000,000	54,564,785	4,564,785
Guam Public School System	-	-	6,371,485	6,371,485
Contributions from component units	-	-	2,027,291	2,027,291
Other	2,490,000	2,490,000	3,956,263	1,466,263
Total revenues	447,441,000	447,441,000	443,295,703	(4,145,297)
Expenditures by Department:				
Executive Branch:				
Office of I Maga'lahen Guahan	7,053,449	7,303,449	6,541,753	761,696
Office of I Segundu Na Maga'lahen Guahan	2,027,463	1,911,120	1,453,461	457,659
Bureau of Budget and Management Research	1,448,899	1,348,760	1,333,958	14,802
Bureau of Statistics and Plans	1,078,941	1,078,346	1,067,468	10,878
Civil Service Commission	1,019,714	1,019,714	1,016,063	3,651
Department of Administration	10,580,863	11,080,863	10,561,108	519,755
Department of Agriculture	2,057,131	2,057,131	1,996,574	60,557
Department of Chamorro Affairs	511,117	509,037	383,606	125,431
Department of Corrections	15,277,402	15,527,402	14,743,452	783,950
Department of Education	205,288,163	198,668,957	219,097,773	(20,428,816)
Department of Integrated Services for Individuals with Disabilities	1,966,845	1,966,845	1,958,575	8,270
Department of Labor	1,582,408	1,582,408	1,510,392	72,016
Department of Land Management	1,535,130	1,535,130	1,521,615	13,515
Department of Mental Health and Substance Abuse	5,090,409	5,340,409	5,072,396	268,013
Department of Military Affairs	2,311,469	1,761,040	1,023,971	737,069
Department of Parks and Recreations	3,428,962	3,429,171	3,398,709	30,462
Department of Public Health and Social Services	13,962,960	13,959,902	12,026,317	1,933,585
Department of Public Works	14,913,280	14,913,280	14,247,523	665,757
Department of Revenue and Taxation	9,099,882	9,099,882	9,038,622	61,260
Department of Youth Affairs	2,971,129	2,971,129	2,960,048	11,081
Guam Fire Department	22,287,072	22,537,072	21,918,913	618,159
Guam Police Department	20,415,012	21,515,012	20,219,448	1,295,564
Office of the Attorney General	4,972,472	4,972,472	4,022,482	949,990
Other	2,170,856	8,858,392	8,352,515	505,877
GovGuam Retirement Fund Appropriations	1,915,930	1,915,930	1,915,930	-
Miscellaneous Appropriations	9,456,090	9,531,090	8,311,086	1,220,004
Non-appropriated Expenditures	-	-	4,007,524	(4,007,524)
Total expenditures	364,423,048	366,393,943	379,701,282	(13,307,339)
Excess of revenues over expenditures	83,017,952	81,047,057	63,594,421	(17,452,636)
Other financing sources (uses):				
Transfers in from other funds	-	-	21,540,188	21,540,188
Transfers out to other funds	(131,847,391)	(130,749,244)	(126,642,742)	4,106,502
Total other financing sources (uses), net	(131,847,391)	(130,749,244)	(105,102,554)	25,646,690
Other changes to unreserved fund deficit	-	-	10,627,565	10,627,565
Net change in unreserved fund deficit	(48,829,439)	(49,702,187)	(30,880,568)	18,821,619
Unreserved fund deficit at beginning of year	(346,084,226)	(346,084,226)	(346,084,226)	-
Unreserved fund deficit at end of year	$ (394,913,665)	$ (395,786,413)	$ (376,964,794)	$ 18,821,619

See accompanying notes to required supplementary information - budgetary reporting.

GOVERNMENT OF GUAM

Note to Required Supplementary Information – Budgetary Reporting
September 30, 2005

Budgetary Process

Legislation requires the Governor to present a proposed budget to the Legislature at the beginning of each annual session. The Legislature enacts the budget through passage of specific departmental appropriations. Before signing the Appropriations Act, the Governor may veto or reduce any specific appropriation, subject to legislative override. Once passed and signed, the budget becomes the Territorial financial plan for the ensuing fiscal year. Supplemental appropriations for specific purposes are made throughout the year.

Budgetary control is maintained within the departmental level. Budget revisions during the year, reflecting program changes or intradepartmental transfers of an administrative nature, may be effective with certain executive and legislative branch approval. Unencumbered appropriations normally lapse at the end of each fiscal year unless they are designated by the Legislature as representing continuing appropriations.

The Budget Act for fiscal year 2005, Public Law 27-106 and 27-107 was approved for the Executive branch and the Legislative branch. Budgets for Special Revenue Funds are generally not submitted. Accordingly, a budget to actual presentation for Special Revenue Funds is not required or presented. Project length financial plans are adopted for capital projects funds.

GovGuam's annual budget has been prepared on a basis, which differs from governmental GAAP. Actual amounts in the accompanying budgetary comparison statements are presented on a budgetary basis, which includes outstanding encumbrances as a budgetary expenditure.

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

OTHER SUPPLEMENTARY INFORMATION

YEAR ENDED SEPTEMBER 30, 2005

GOVERNMENT OF GUAM

All Governmental Funds
Combining Schedule of Expenditures By Object
Year Ended September 30, 2005

	General	Special Revenue: Federal Grants	Special Revenue: Solid Waste Operations	Special Revenue: GTA Privatization Proceeds	Special Revenue: Interim Transition Coordinating Committee	Other Governmental Funds	Total
Expenditures by Object:							
Salaries and wages:							
Regular	$ 186,395,848	$ 23,439,638	$ 2,654,036	$ -	$ -	$ 64,744,678	$ 277,234,200
Overtime	6,411,708	108,543	27,097	-	-	840,905	7,388,253
Fringe benefits	47,871,692	5,958,439	719,416	-	-	12,209,782	66,759,329
Travel	434,501	1,566,803	625	-	-	1,614,804	3,616,733
Contractual services	25,052,844	24,463,393	1,137,789	-	-	17,876,732	68,530,758
Building rent	1,724,410	1,624,108	-	-	-	2,962,959	6,311,477
Supplies	16,108,749	2,586,930	267,676	174	-	4,707,796	23,671,325
Equipment	692,640	652,161	84	-	-	2,402,175	3,747,060
Utilities - power and water	15,094,230	693,780	13,674	-	-	5,162,388	20,964,072
Communications	2,277,340	437,776	7,536	-	-	609,939	3,332,591
Capital outlays	4,064,328	11,642,513	331,973	-	-	3,167,162	19,205,976
Grants and subsidies	48,702,732	17,019,096	-	5,000,000	-	16,152,376	86,874,204
Supplemental annuity benefits	-	-	-	-	-	12,602,928	12,602,928
Medical care	-	-	-	-	-	13,035,378	13,035,378
Principal retirement	-	-	-	-	-	40,460,180	40,460,180
Interest and fiscal charges	4,645,473	-	-	-	-	16,821,793	21,467,266
Miscellaneous	9,109,142	30,046,615	1,432	12,777,272	3,000,499	4,920,845	59,855,805
	$ 368,585,637	$ 120,239,795	$ 5,161,338	$ 17,777,446	$ 3,000,499	$ 220,292,820	$ 735,057,535

See Accompanying Independent Auditors' Report

GOVERNMENT OF GUAM

Statement of Revenues, Expenditures by Department, and Changes in Deficit - General Fund
Year Ended September 30, 2005

Revenues:		
Taxes:		
Income	$	224,948,390
Gross receipts		149,081,382
Other		2,346,107
Licenses, fees and permits		1,540,974
Use of money and property		168,488
Federal contributions		54,564,785
Guam Public School System		6,371,485
Contributions from component units		2,027,291
Other		2,246,801
Total revenues		443,295,703
Expenditures by Department:		
General Government:		
Office of I Maga'lahen Guahan:		
Office of the Governor		4,978,501
Ancestral Land Trust Commission		187,422
Government House		203,218
Medical Referral Offices		471,736
		5,840,877
Office of I Segundu Na Maga'lahen Guahan:		
Office of the Lieutenant Governor		1,143,987
Guam State Clearinghouse		296,657
		1,440,644
Bureau of Budget and Management Research:		
Office of the Director		1,194,208
Internal Audit Division		134,896
		1,329,104
Civil Service Commission:		
Office of the Director		274,293
Board of Commissioners		56,801
Legal Office		129,340
Personnel Management		554,944
		1,015,378
Department of Administration:		
Office of the Director		2,923,496
Government Claims		420,973
Personnel Management		1,220,541
Financial Management		633,641
Data Processing		475,630
General Services Agency		843,805
Division of Accounts		2,147,501
		8,665,587

See Accompanying Independent Auditors' Report

GOVERNMENT OF GUAM

Statement of Revenues, Expenditures by Department, and Changes in Deficit - General Fund, Continued
Year Ended September 30, 2005

Expenditures by Department, continued:	
General Government, continued	
Department of Land Management:	
Office of the Director	431,993
Land Administration Division	156,601
Land Planning Division	452,225
Land Records Division	353,812
Land Survey Division	2,101
Geographic Information System Division	106,310
	1,503,042
Department of Public Works:	
Office of the Director	4,466,208
Building Permits and Inspection Division	907,906
Building Maintenance Division	1,354,059
	6,728,173
Department of Revenue and Taxation:	
Office of the Director	3,174,405
Tax Enforcement Division	1,840,229
Real Property Tax Division	449,826
Taxpayer Services Division	1,588,304
Regulatory Division	909,098
Motor Vehicle Division	607,396
	8,569,258
Office of the Attorney-General:	
Consumer Protection Division	219,495
Total General Government	35,311,558
Protection of Life and Property:	
Department of Corrections:	
Office of the Director	3,751,694
Adult Correctional Facility	7,492,883
Rosario Detention Center	2,356,820
Off-island Detention	7,286
Casework and Counseling Service Division	240,769
Forensic Division	309,389
Parole Service Division	422,440
	14,581,281
Department of Youth Affairs:	
Office of the Director	80,450
Division of Youth Development	794,917
Division of Youth Corrections	1,478,105
Division of Vocational Rehabilitation and Support Services	602,484
	2,955,956

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GOVERNMENT OF GUAM

Statement of Revenues, Expenditures by Department, and Changes in Deficit - General Fund, Continued
Year Ended September 30, 2005

Expenditures by Department, continued:	
Protection of Life and Property, continued:	
Guam Fire Department:	
Office of the Fire Chief	140,005
Administrative and Logistical Support	1,173,459
Emergency Medical Service/Rescue Operations Bureau	6,973,758
Fire Suppression Bureau	13,579,354
	21,866,576
Guam Police Department:	
Office of the Chief	5,376,070
Criminal Investigation Division	941,159
Neighbourhood Patrol Division	9,645,520
Support Division	2,522,583
Forensic Science Division	679,394
Highway Patrol Division	777,164
	19,941,890
Office of the Attorney-General:	
Attorney-General's Office	940,119
Solicitors' Division	852,714
Prosecution Division	1,550,839
Civil Division	248,368
Government Corruption Division	99,758
	3,691,798
Medical Examiner's Office	327,123
Total Protection of Life and Property	63,364,624
Public Health:	
Department of Mental Health and Substance Abuse:	
Office of the Director	1,820,295
Clinical Services Division	806,120
Child and Adolescent Services Division	257,784
Nursing Services Division	1,977,446
	4,861,645
Department of Public Health and Social Services:	
Office of the Director	642,863
Chief Public Health Office	467,072
Community Health Services	835,872
Communicable Disease Control	84,744
Professional Social Services	132,713
Primary Care Services	126,075
Family Health and Nursing Services	480,772
Catastrophic Illness Assistance Program	35,750

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GOVERNMENT OF GUAM

Statement of Revenues, Expenditures by Department, and Changes in Deficit - General Fund, Continued
Year Ended September 30, 2005

Expenditures by Department, continued:	
Public Health, continued:	
Department of Public Health and Social Services, continued:	
Division of Environmental Health	526,423
Financial Management Services	190,111
Supply Section	157,800
Management Support Services	157,268
Facilities and Maintenance	1,556,453
Systems Group	433,918
	5,827,834
Total Public Health	10,689,479
Community Services:	
Department of Public Health and Social Services:	
Medically Indigent Program	64,301
Foster Care	1,165,582
Division of Senior Citizens	340,020
Adult Protective Services	416,880
	1,986,783
Department of Integrated Services for Individuals with Disabilities:	
Service Contracts	1,251,086
Office of the Director	372,750
Basic Support 110	14,790
	1,638,626
Other:	
Guam Public Library	945,385
Total Community Services	4,570,794
Recreation:	
Department of Parks and Recreation:	
Office of the Director	352,161
Community Programs	119,188
Pool and Beach Programs	390,078
Paseo Stadium	127,200
Youth Center	276,118
Parks Administration and Planning	63,853
Historic Preservation Division	175,464
Parks Maintenance	1,806,699
Territorial Park Protection	54,360
Total Recreation	3,365,121
Individual and Collective Rights:	
Office of I Maga'lahen Guahan:	
Commission on Decolonization	120,002

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GOVERNMENT OF GUAM

Statement of Revenues, Expenditures by Department, and Changes in Deficit - General Fund, Continued
Year Ended September 30, 2005

Expenditures by Department, continued:	
Individual and Collective Rights, continued:	
Department of Chamorro Affairs:	
Office of the Director	132,766
Language and Culture Division	43,316
Research Publication and Training	12,787
Guam Museum	182,103
	370,972
Department of Labor:	
Office of the Director	466,038
Division of Occupational Safety and Health	42,550
Wage and Hour Division	131,619
Bureau of Labor Statistics	360,052
Fair Employment Practice Office	95,618
Worker's Compensation Commission	209,076
Alien Labor Processing and Ceritification	125,544
Fiscal and Support Office	77,916
	1,508,413
Department of Military Affairs:	
Office of the Adjutant General	152,339
Office of Civil Defense	380,765
Office of Veterans Affairs	121,166
	654,270
Other:	
Guam Election Commission	408,868
Mayor's Council of Guam	7,428,532
	7,837,400
Total Individual and Collective Rights	10,491,057
Transportation:	
Department of Public Works:	
Transportation Maintenance Division	1,018,551
Bus Operations Division	164,352
Emergency Repair Southern Gym	249,371
Total Transportation	1,432,274
Public Education:	
Department of Education:	
Guam Public School System	169,066,662
Department of Public Works:	
Bus Operations	5,327,007
Total Public Education	174,393,669

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GOVERNMENT OF GUAM

Statement of Revenues, Expenditures by Department, and Changes in Deficit - General Fund, Continued
Year Ended September 30, 2005

Expenditures by Department, continued:	
Economic Development:	
Bureau of Statistics and Plans:	
Administration	361,806
Guam Developmental Disabilities Council	18,959
Planning Information	225,088
Socio-Economic Planning	119,724
Business and Economic Statistics Division	341,736
	1,067,313
Department of Agriculture:	
Office of the Director	364,695
Law Enforcement	581,202
Animal and Plant Industry Division	889,718
Animal Health Section	130,278
	1,965,893
Total Economic Development	3,033,206
Transfer to Persons:	
Department of Administration:	
Off-island Residential Treatment	1,606,061
Department of Public Health and Social Services:	
Medically Indigent Program	2,942,949
Total Transfer to Persons	4,549,010
Payments to Component Units:	
Government of Guam Retirement Fund:	
GMHA Retirement Fund Contribution	1,200,000
Governor and Lieutenant Governor Pension Contributions	102,500
Judge and Justice Retirement Annuities	503,324
Retiree Medicare Premiums	110,106
	1,915,930
Guam Community College	12,826,669
Guam Economic Development and Commerce Authority	192,107
Guam Educational Telecom. Corporation	574,073
University of Guam	30,251,004
Total Payments to Component Units	45,759,783
Miscellaneous Appropriations:	
Retiree Healthcare Premiums	6,628,490
Hagatna Restoration and Redevelopment	347,104
Youth Residential Program (Sanctuary, Inc.)	241,944
Small Business Financing Assistance (PIDB)	400,000
Total Miscellaneous Appropriations	7,617,538

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GOVERNMENT OF GUAM

Statement of Revenues, Expenditures by Department, and Changes in Deficit - General Fund, Continued
Year Ended September 30, 2005

Expenditures by Department, continued:	
Non-appropriated Expenditures:	
Interest on tax refunds	2,247,188
Public Law 28-38 Special Retirement payments	1,150,369
Other	609,967
Total Non-appropriated Expenditures	4,007,524
Total expenditures	368,585,637
Excess of revenues over expenditures	74,710,066
Other financing sources (uses):	
Transfers in from other funds:	
Territorial Education Facilities Fund	19,840,457
Safe Homes, Safe Streets Fund	100,000
Public Library System Fund	630,577
Healthy Futures Fund	969,154
Total other financing sources	21,540,188
Transfers out to other funds:	
Public Library System Fund	135,360
Customs, Agriculture and Quarantine Inspection Services Fund	753,876
Street Light Fund	519,911
Worker's Compensation Fund	1,000,000
MIP Payment Revolving Fund	13,121,430
Federal Grants Fund	25,711,662
Superior Court Operations Fund	19,281,834
Office of the Public Auditor	845,737
Guam Legislature Fund	7,265,584
Public Defender Service Corporation Fund	2,535,560
Water Systems Revenue Bond Debt Service Fund	12,225,720
General Obligation Bonds Series A 1993 Debt Service Fund	12,647,415
Supplemental Annuity Benefits Fund	12,602,928
General Obligation Bonds Series A 1995 Debt Service Fund	17,995,725
Total other financing uses	126,642,742
Total other financing sources (uses), net	(105,102,554)
Net change in fund deficit	(30,392,488)
Deficit at the beginning of the year	(313,593,155)
Deficit at the end of the year	$ (343,985,643)

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GOVERNMENT OF GUAM

Statement of Revenues, Expenditures by Department, and Changes in Deficit - Budget and Actual - General Fund
Year Ended September 30, 2005

	Budgeted Amounts		Actual	
	Original	Final	Amounts	Variance
Revenues:				
Taxes:				
Income	$ 219,951,000	$ 219,951,000	$ 224,948,390	$ 4,997,390
Gross receipts	172,000,000	172,000,000	149,081,382	(22,918,618)
Other	3,000,000	3,000,000	2,346,107	(653,893)
Federal contributions	50,000,000	50,000,000	54,564,785	4,564,785
Guam Public School System	-	-	6,371,485	6,371,485
Contributions from component units	-	-	2,027,291	2,027,291
Other	2,490,000	2,490,000	3,956,263	1,466,263
Total revenues	447,441,000	447,441,000	443,295,703	(4,145,297)
Expenditures by Department:				
Executive Branch:				
Office of I Maga'lahen Guahan:				
Office of the Governor	5,571,941	5,821,941	5,435,934	386,007
Ancestral Land Trust Commission	198,421	198,421	191,959	6,462
Commission on Decolonization	173,771	173,771	124,681	49,090
Government House	470,812	470,812	242,801	228,011
Medical Referral Offices	638,504	638,504	546,378	92,126
	7,053,449	7,303,449	6,541,753	761,696
Office of I Segundu Na Maga'lahen Guahan:				
Office of the Lieutenant Governor	1,702,463	1,586,120	1,156,804	429,316
Guam State Clearinghouse	325,000	325,000	296,657	28,343
	2,027,463	1,911,120	1,453,461	457,659
Bureau of Budget and Management Research:				
Office of the Director	1,307,509	1,207,370	1,199,062	8,308
Internal Audit Division	141,390	141,390	134,896	6,494
	1,448,899	1,348,760	1,333,958	14,802
Bureau of Statistics and Plans:				
Administration	365,261	365,261	361,807	3,454
Guam Developmental Disabilities Council	20,000	20,000	19,113	887
Chief Economist's Office	6,057	5,462	-	5,462
Planning Information	225,744	225,744	225,088	656
Socio-Economic Planning	119,729	119,729	119,724	5
Business and Economic Statistics Division	342,150	342,150	341,736	414
	1,078,941	1,078,346	1,067,468	10,878
Civil Service Commission:				
Office of the Director	278,502	278,502	274,978	3,524
Board of Commissioners	56,834	56,834	56,801	33
Legal Office	129,416	129,416	129,340	76
Personnel Management	554,962	554,962	554,944	18
	1,019,714	1,019,714	1,016,063	3,651

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GOVERNMENT OF GUAM

Statement of Revenues, Expenditures by Department, and Changes in Deficit - Budget and Actual - General Fund, Continued
Year Ended September 30, 2005

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
Expenditures by Department, continued:				
Executive Branch, continued:				
Department of Administration:				
Office of the Director	$ 3,375,682	$ 3,375,682	$ 3,211,006	$ 164,676
Off-island Residential Treatment	1,668,320	1,668,320	1,608,011	60,309
Government Claims	175,272	675,272	420,973	254,299
Personnel Management	1,237,082	1,237,082	1,220,541	16,541
Financial Management	633,886	633,886	633,641	245
Data Processing	478,084	478,084	475,630	2,454
General Services Agency	858,718	858,718	843,805	14,913
Division of Accounts	2,153,819	2,153,819	2,147,501	6,318
	10,580,863	11,080,863	10,561,108	519,755
Department of Agriculture:				
Office of the Director	409,279	409,279	377,455	31,824
Soil and Water Conservation	1,312	1,312	-	1,312
Law Enforcement	591,167	591,167	581,202	9,965
Animal and Plant Industry Division	905,097	905,097	898,990	6,107
Animal Health Section	150,276	150,276	138,927	11,349
	2,057,131	2,057,131	1,996,574	60,557
Department of Chamorro Affairs:				
Office of the Director	267,169	265,089	145,400	119,689
Language and Culture Division	43,333	43,333	43,316	17
Research Publication and Training	12,794	12,794	12,787	7
Guam Museum	187,821	187,821	182,103	5,718
	511,117	509,037	383,606	125,431
Department of Corrections:				
Office of the Director	4,440,986	4,690,986	3,910,665	780,321
Adult Correctional Facility	7,493,771	7,493,771	7,492,883	888
Rosario Detention Center	2,358,834	2,358,834	2,356,820	2,014
Off-island Detention	10,686	10,686	10,486	200
Casework and Counseling Service Division	240,771	240,771	240,769	2
Forensic Division	309,410	309,410	309,389	21
Parole Service Division	422,944	422,944	422,440	504
	15,277,402	15,527,402	14,743,452	783,950
Department of Education:				
Guam Public School System	159,735,432	153,735,432	174,298,702	(20,563,270)
Guam Public Library	1,164,545	1,164,545	1,145,785	18,760
Guam Educational Telecom. Corporation	577,999	577,999	575,613	2,386
University of Guam	30,870,210	30,251,004	30,251,004	-
Guam Community College	12,939,977	12,939,977	12,826,669	113,308
	205,288,163	198,668,957	219,097,773	(20,428,816)

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GOVERNMENT OF GUAM

Statement of Revenues, Expenditures by Department, and Changes in Deficit - Budget and Actual - General Fund, Continued
Year Ended September 30, 2005

	Budgeted Amounts		Actual	
	Original	Final	Amounts	Variance
Expenditures by Department, continued:				
Executive Branch, continued:				
Department of Integrated Services for Individuals with Disabilities:				
Service Contracts	$ 1,554,229	$ 1,554,229	$ 1,554,228	$ 1
Office of the Director	396,366	396,366	389,557	6,809
Basic Support 110	16,250	16,250	14,790	1,460
	1,966,845	1,966,845	1,958,575	8,270
Department of Labor:				
Office of the Director	513,121	513,121	468,017	45,104
Division of Occupational Safety and Health	42,554	42,554	42,550	4
Wage and Hour Division	131,621	131,621	131,619	2
Bureau of Labor Statistics	362,142	362,142	360,052	2,090
Fair Employment Practice Office	95,619	95,619	95,618	1
Worker's Compensation Commission	209,079	209,079	209,076	3
Alien Labor Processing and Ceritification	150,298	150,298	125,544	24,754
Fiscal and Support Office	77,974	77,974	77,916	58
	1,582,408	1,582,408	1,510,392	72,016
Department of Land Management:				
Office of the Director	464,077	464,077	450,566	13,511
Land Administration Division	156,603	156,603	156,601	2
Land Planning Division	452,225	452,225	452,225	-
Land Records Division	353,812	353,812	353,812	-
Land Survey Division	2,102	2,102	2,101	1
Geographic Information System Division	106,311	106,311	106,310	1
	1,535,130	1,535,130	1,521,615	13,515
Department of Mental Health and Substance Abuse:				
Office of the Director	1,960,258	2,210,258	2,026,827	183,431
Clinical Services Division	807,687	807,687	806,120	1,567
Child and Adolescent Services Division	257,784	257,784	257,784	-
Nursing Services Division	2,064,680	2,064,680	1,981,665	83,015
	5,090,409	5,340,409	5,072,396	268,013
Department of Military Affairs:				
Office of the Adjutant General	308,535	289,551	171,904	117,647
Office of Civil Defense	1,392,487	861,042	565,671	295,371
Office of Veterans Affairs	610,447	610,447	286,396	324,051
	2,311,469	1,761,040	1,023,971	737,069

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GOVERNMENT OF GUAM

Statement of Revenues, Expenditures by Department, and Changes in Deficit - Budget and Actual - General Fund, Continued
Year Ended September 30, 2005

	Budgeted Amounts		Actual	
	Original	Final	Amounts	Variance
Expenditures by Department, continued:				
Executive Branch, continued:				
Department of Parks and Recreation:				
Office of the Director	$ 363,040	$ 363,040	$ 358,944	$ 4,096
Community Programs	119,189	119,189	119,188	1
Pool and Beach Programs	390,118	390,118	390,078	40
Paseo Stadium	127,202	127,202	127,200	2
Youth Center	276,119	276,119	276,118	1
Parks Administration and Planning	63,853	63,853	63,853	-
Historic Preservation Division	176,020	176,229	175,464	765
Parks Maintenance	1,859,024	1,859,024	1,833,504	25,520
Territorial Park Protection	54,397	54,397	54,360	37
	3,428,962	3,429,171	3,398,709	30,462
Department of Public Health and Social Services:				
Office of the Director	738,401	738,401	675,113	63,288
Chief Public Health Office	1,112,642	1,112,642	1,006,675	105,967
Community Health Services	865,241	865,241	861,266	3,975
Communicable Disease Control	165,655	165,655	153,044	12,611
Professional Social Services	156,031	156,031	141,933	14,098
Primary Care Services	164,773	164,773	155,159	9,614
Family Health and Nursing Services	503,295	503,295	490,849	12,446
Catastrophic Illness Assistance Program	50,000	50,000	35,750	14,250
Medically Indigent Program	4,083,822	4,083,822	3,012,584	1,071,238
Foster Care	1,215,858	1,215,858	1,192,586	23,272
Division of Senior Citizens	414,924	414,924	394,414	20,510
Adult Protective Services	431,738	431,738	423,338	8,400
Division of Environmental Health	684,514	684,514	647,659	36,855
Financial Management Services	204,290	204,290	195,522	8,768
Supply Section	174,719	174,719	166,643	8,076
Management Support Services	193,688	190,630	169,212	21,418
Facilities and Maintenance	2,144,318	2,144,318	1,734,074	410,244
Systems Group	659,051	659,051	570,496	88,555
	13,962,960	13,959,902	12,026,317	1,933,585
Department of Public Works:				
Office of the Director	5,524,126	5,524,126	5,210,515	313,611
Building Permits and Inspection Division	916,630	916,630	907,906	8,724
Tumon Drain Study	242,000	242,000	-	242,000
Transportation Maintenance Division	1,018,978	1,018,978	1,018,551	427
Bus Operations Division	5,606,853	5,606,853	5,507,121	99,732
Building Maintenance Division	1,354,693	1,354,693	1,354,059	634
Emergency Repair Southern Gym	250,000	250,000	249,371	629
	14,913,280	14,913,280	14,247,523	665,757

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GOVERNMENT OF GUAM

Statement of Revenues, Expenditures by Department, and Changes in Deficit - Budget and Actual - General Fund, Continued
Year Ended September 30, 2005

	Budgeted Amounts		Actual	
	Original	Final	Amounts	Variance
Expenditures by Department, continued:				
Department of Revenue and Taxation:				
Office of the Director	$ 3,699,509	$ 3,699,509	$ 3,643,769	$ 55,740
Tax Enforcement Division	1,840,230	1,840,230	1,840,229	1
Real Property Tax Division	449,827	449,827	449,826	1
Taxpayer Services Division	1,588,305	1,588,305	1,588,304	1
Regulatory Division	913,800	913,800	909,098	4,702
Motor Vehicle Division	608,211	608,211	607,396	815
	9,099,882	9,099,882	9,038,622	61,260
Department of Youth Affairs:				
Office of the Director	80,452	80,452	80,450	2
Division of Youth Development	794,933	794,933	794,917	16
Division of Youth Corrections	1,478,106	1,478,106	1,478,105	1
Division of Vocational Rehabilitation and Support Services	617,638	617,638	606,576	11,062
	2,971,129	2,971,129	2,960,048	11,081
Guam Fire Department:				
Office of the Fire Chief	296,588	546,588	140,005	406,583
Administrative and Logistical Support	1,433,814	1,433,814	1,225,796	208,018
Emergency Medical Service/Rescue Operations Bureau	6,974,045	6,974,045	6,973,758	287
Fire Suppression Bureau	13,582,625	13,582,625	13,579,354	3,271
	22,287,072	22,537,072	21,918,913	618,159
Guam Police Department:				
Office of the Chief	5,557,333	6,657,333	5,549,855	1,107,478
Criminal Investigation Division	941,159	941,159	941,159	-
Neighbourhood Patrol Division	9,673,953	9,673,953	9,645,520	28,433
Support Division	2,745,728	2,745,728	2,626,081	119,647
Forensic Science Division	719,675	719,675	679,669	40,006
Highway Patrol Division	777,164	777,164	777,164	-
	20,415,012	21,515,012	20,219,448	1,295,564
Office of the Attorney-General:				
Attorney-General's Office	1,675,026	1,675,026	1,036,032	638,994
Solicitors' Division	927,934	927,934	852,714	75,220
Prosecution Division	1,775,958	1,775,958	1,566,115	209,843
Civil Division	271,601	271,601	248,368	23,233
Consumer Protection Division	221,000	221,000	219,495	1,505
Government Corruption Division	100,953	100,953	99,758	1,195
	4,972,472	4,972,472	4,022,482	949,990

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GOVERNMENT OF GUAM

Statement of Revenues, Expenditures by Department, and Changes in Deficit - Budget and Actual - General Fund, Continued
Year Ended September 30, 2005

	Budgeted Amounts		Actual	
	Original	Final	Amounts	Variance
Expenditures by Department, continued:				
Other:				
Chamorro Land Trust Commission	$ 250,000	$ 250,000	$ 106,770	$ 143,230
Guam Election Commission	455,926	453,115	410,079	43,036
Mayor's Council of Guam	1,113,977	7,812,120	7,501,620	310,500
Medical Examiner's Office	350,953	343,157	334,046	9,111
	2,170,856	8,858,392	8,352,515	505,877
Total Executive Branch	353,051,028	354,946,923	365,466,742	(10,519,819)
Government of Guam Retirement Fund Appropriations:				
GMH Retirement Fund Contribution	1,200,000	1,200,000	1,200,000	-
Retiree Medicare Premiums	110,106	110,106	110,106	-
Governor and Lieutenant Governor Pension Contributions	102,500	102,500	102,500	-
Judge and Justice Retirement Annuities	503,324	503,324	503,324	-
	1,915,930	1,915,930	1,915,930	-
Miscellaneous Appropriations:				
GMHA Division of EMS	200,000	200,000	-	200,000
Retiree Healthcare Premiums	6,952,420	6,952,420	6,628,490	323,930
Guam Legal Services Corporation	13,423	88,423	-	88,423
Guma' Mami Inayek Project	182,241	182,241	-	182,241
Guam Economic Development and Commerce Authority	214,405	214,405	192,107	22,298
Hagatna Restoration and Redevelopment	751,657	751,657	348,545	403,112
Youth Residential Program (Sanctuary, Inc.)	241,944	241,944	241,944	-
Small Business Financing Assistance (PIDB)	900,000	900,000	900,000	-
Total Miscellaneous Appropriations	9,456,090	9,531,090	8,311,086	1,220,004
Non-appropriated Expenditures:				
Interest on tax refunds	-	-	2,247,188	(2,247,188)
Public Law 28-38 Special Retirement payments	-	-	1,150,369	(1,150,369)
Other	-	-	609,967	(609,967)
Total Non-appropriated Expenditures	-	-	4,007,524	(4,007,524)
Total expenditures	364,423,048	366,393,943	379,701,282	(13,307,339)
Excess of revenues over expenditures	83,017,952	81,047,057	63,594,421	(17,452,636)
Other financing sources (uses):				
Transfers in from other funds:				
Territorial Education Facilities Fund	-	-	19,840,457	19,840,457
Safe Homes, Safe Streets Fund	-	-	100,000	100,000
Public Library System Fund	-	-	630,577	630,577
Healthy Futures Fund	-	-	969,154	969,154
Total other financing sources	-	-	21,540,188	21,540,188

See Accompanying Independent Auditors' Report

GOVERNMENT OF GUAM

Statement of Revenues, Expenditures by Department, and Changes in Deficit - Budget and Actual - General Fund, Continued
Year Ended September 30, 2005

	Budgeted Amounts		Actual	
	Original	Final	Amounts	Variance
Other financing sources (uses), continued:				
Transfers out to other funds:				
Public Library System Fund	$ 135,360	$ 135,360	$ 135,360	$ -
Customs, Agriculture and Quarantine Inspection Services Fund	-	-	753,876	(753,876)
Street Light Fund	-	-	519,911	(519,911)
Worker's Compensation Fund	1,000,000	1,000,000	1,000,000	-
MIP Payment Revolving Fund	10,133,000	10,133,000	13,121,430	(2,988,430)
Federal Grants Fund	35,216,455	34,952,380	25,711,662	9,240,718
Superior Court Operations Fund	19,318,702	19,318,702	19,281,834	36,868
Office of the Public Auditor	868,132	868,132	845,737	22,395
Guam Legislature Fund	7,450,944	7,450,944	7,265,584	185,360
Public Defender Service Corporation Fund	2,535,560	2,535,560	2,535,560	-
Water Systems Revenue Bond Debt Service Fund	11,109,098	11,109,098	12,225,720	(1,116,622)
General Obligation Bonds Series A 1993 Debt Service Fund	12,647,415	12,647,415	12,647,415	-
Supplemental Annuity Benefits Fund	13,437,000	12,602,928	12,602,928	-
General Obligation Bonds Series A 1995 Debt Service Fund	17,995,725	17,995,725	17,995,725	-
Total other financing uses	131,847,391	130,749,244	126,642,742	4,106,502
Total other financing sources (uses), net	(131,847,391)	(130,749,244)	(105,102,554)	25,646,690
Other changes to unreserved fund deficit:				
Decrease in continuing appropriations	-	-	6,373,834	(6,373,834)
Increase in reserve for related assets	-	-	(6,485,707)	6,485,707
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is place for budgetary purposes, but in the year the supplies are received for financial reporting purposes	-	-	10,739,438	(10,739,438)
	-	-	10,627,565	10,627,565
Net change in unreserved fund deficit	(48,829,439)	(49,702,187)	(30,880,568)	18,821,619
Unreserved fund deficit beginning of the year, as restated	(346,084,226)	(346,084,226)	(346,084,226)	-
Unreserved fund deficit end of the year	$ (394,913,665)	$ (395,786,413)	$ (376,964,794)	$ 18,821,619

See Accompanying Independent Auditors' Report

GOVERNMENT OF GUAM

Nonmajor Governmental Funds
Combining Balance Sheet
September 30, 2005

ASSETS	Other Special Revenue	Other Capital Project	Other Debt Service	Total
Cash and cash equivalents	$ 21,629,617	$ 558,231	$ 8	$ 22,187,856
Time certificates of deposit	-	1,000,718	-	1,000,718
Investments	8,120,000	-	-	8,120,000
Receivables, net:				
Taxes	3,688,257	-	-	3,688,257
Federal agencies	4,691,046	-	-	4,691,046
Other	3,003,928	29,180	-	3,033,108
Due from other funds	54,715,830	7,613,612	5,365,088	67,694,530
Due from private purpose trust funds	42,890	-	-	42,890
Inventories	616,813	-	-	616,813
Deposits and other assets	365,740	-	-	365,740
Restricted assets:				
Cash and cash equivalents	-	33,642,836	35,029,311	68,672,147
Investments	-	-	9,336,000	9,336,000
Total assets	$ 96,874,121	$ 42,844,577	$ 49,730,407	$ 189,449,105
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	$ 16,200,928	$ -	$ 6,423	$ 16,207,351
Accrued payroll and other	4,751,398	67,171	-	4,818,569
Due to component units	10,447,168	-	-	10,447,168
Due to other funds	11,693,902	309,719	10,414,608	22,418,229
Payable to federal agencies	3,946,101	-	-	3,946,101
Deferred revenue	758,743	-	-	758,743
Provision for tax refunds	9,992,371	-	-	9,992,371
Deposits and other liabilities	2,014,236	-	-	2,014,236
Total liabilities	59,804,847	376,890	10,421,031	70,602,768
Fund balances:				
Reserved:				
Related assets	10,618,686	5,930,502	2,070,174	18,619,362
Encumbrances	13,550,595	613,340	-	14,163,935
Continuing appropriations	9,638,654	4,584,525	-	14,223,179
Debt service	-	-	37,239,202	37,239,202
Unreserved:				
Special revenue funds	3,261,339	-	-	3,261,339
Capital projects funds	-	31,339,320	-	31,339,320
Total fund balances	37,069,274	42,467,687	39,309,376	118,846,337
Total liabilities and fund balances	$ 96,874,121	$ 42,844,577	$ 49,730,407	$ 189,449,105

See Accompanying Independent Auditors' Report

GOVERNMENT OF GUAM

Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures by Function, and Changes in Fund Balances
Year Ended September 30, 2005

	Other Special Revenue	Other Capital Project	Other Debt Service	Total
Revenues:				
Taxes:				
Property	$ 20,372,758	$ -	$ -	$ 20,372,758
Hotel	18,946,881	-	-	18,946,881
Liquid fuel	14,299,259	-	-	14,299,259
Other taxes	10,272,726	-	-	10,272,726
Licenses, fees and permits	29,654,518	-	-	29,654,518
Use of money and property	236,562	2,744,614	355,878	3,337,054
Federal contributions	44,086,627	-	-	44,086,627
Other	571,264	-	-	571,264
Total revenues	138,440,595	2,744,614	355,878	141,541,087
Expenditures by Function:				
Current:				
General government	23,455,143	169,330	-	23,624,473
Protection of life and property	12,338,559	-	-	12,338,559
Public health	6,896,008	-	-	6,896,008
Community services	13,966,843	-	-	13,966,843
Recreation	2,263,398	-	-	2,263,398
Individual and collective rights	24,951,900	626,859	-	25,578,759
Transportation	9,785,585	-	-	9,785,585
Public education	46,051,218	33,736	-	46,084,954
Environmental protection	1,526,406	-	-	1,526,406
Economic development	45,845	-	-	45,845
Payments to Guam Community College	35,653	-	-	35,653
Payments to Guam Memorial Hospital	4,791,666	-	-	4,791,666
Payments to Guam Power Authority	1,245,076	-	-	1,245,076
Payments to Guam System of Care Council	38,800	-	-	38,800
Payments to Guam Visitors Bureau	10,187,022	-	-	10,187,022
Payments to Guam Waterworks Authority	-	638,035	-	638,035
Payments to University of Guam	500,000	-	-	500,000
Capital projects	-	3,463,765	-	3,463,765
Debt service	-	901,560	56,380,413	57,281,973
Total expenditures	158,079,122	5,833,285	56,380,413	220,292,820
Deficiency of revenues under expenditures	(19,638,527)	(3,088,671)	(56,024,535)	(78,751,733)
Other financing sources (uses):				
Transfers in from other funds	66,021,632	-	47,371,719	113,393,351
Transfers out to other funds	(30,340,583)	-	(1,338,804)	(31,679,387)
Total other financing sources (uses), net	35,681,049	-	46,032,915	81,713,964
Net change in fund balances	16,042,522	(3,088,671)	(9,991,620)	2,962,231
Fund balances at beginning of year	21,026,752	45,556,358	49,300,996	115,884,106
Fund balances at end of year	$ 37,069,274	$ 42,467,687	$ 39,309,376	$ 118,846,337

See Accompanying Independent Auditors' Report

GOVERNMENT OF GUAM

Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures by Object, and Changes in Fund Balances
Year Ended September 30, 2005

	Other Special Revenue	Other Capital Project	Other Debt Service	Total
Revenues:				
Taxes:				
Property	$ 20,372,758	$ -	$ -	$ 20,372,758
Hotel	18,946,881	-	-	18,946,881
Liquid fuel	14,299,259	-	-	14,299,259
Other taxes	10,272,726	-	-	10,272,726
Licenses, fees and permits	29,654,518	-	-	29,654,518
Use of money and property	236,562	2,744,614	355,878	3,337,054
Federal contributions	44,086,627	-	-	44,086,627
Other	571,264	-	-	571,264
Total revenues	138,440,595	2,744,614	355,878	141,541,087
Expenditures by Object:				
Salaries and wages - regular	64,744,678	-	-	64,744,678
Salaries and wages - overtime	840,905	-	-	840,905
Salaries and wages - fringe benefits	12,209,782	-	-	12,209,782
Travel	1,614,804	-	-	1,614,804
Contractual services	14,349,040	3,527,692	-	17,876,732
Building rent	2,962,959	-	-	2,962,959
Supplies	4,698,805	8,991	-	4,707,796
Equipment	2,391,789	10,386	-	2,402,175
Utilities - power and water	5,162,388	-	-	5,162,388
Communications	609,939	-	-	609,939
Capital outlays	2,897,839	269,323	-	3,167,162
Grants and subsidies	15,514,341	638,035	-	16,152,376
Supplemental annuity benefits	12,602,928	-	-	12,602,928
Medical care	13,035,378	-	-	13,035,378
Principal retirement	-	572,318	39,887,862	40,460,180
Interest and fiscal charges	-	329,242	16,492,551	16,821,793
Other	4,443,547	477,298	-	4,920,845
Total expenditures	158,079,122	5,833,285	56,380,413	220,292,820
Deficiency of revenues under expenditures	(19,638,527)	(3,088,671)	(56,024,535)	(78,751,733)
Other financing sources (uses):				
Transfers in from other funds	66,021,632	-	47,371,719	113,393,351
Transfers out to other funds	(30,340,583)	-	(1,338,804)	(31,679,387)
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Net change in fund balances	16,042,522	(3,088,671)	(9,991,620)	2,962,231
Fund balances at beginning of year	21,026,752	45,556,358	49,300,996	115,884,106
Fund balances at end of year	$ 37,069,274	$ 42,467,687	$ 39,309,376	$ 118,846,337

See Accompanying Independent Auditors' Report

GOVERNMENT OF GUAM

Nonmajor Governmental Funds - Special Revenue Funds
September 30, 2005

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes. A brief discussion of GovGuam's nonmajor governmental funds - special revenue funds as of September 30, 2005, follows.

1999 SPG Revolving Fund - This fund was created by Public Law 25-01 for planning, conducting and hosting the 1999 South Pacific Games.

Accessible Parking Fund - The fund was created by Public Law 18-28 to ensure that disabled persons are given equal access to government offices and services. Revenues are generated from fines collected from those parked illegally in handicapped parking spaces. Expenditures are authorized for maintenance of disabled parking areas.

Agana Fractional Lots Program Fund - The Agana Fractional Lots Program Fund was initially established to account for transactions relevant to the Agana Fractional Lot Program dating back to the 1960s. Such transactions may involve the condemnation and seizure of lands from property owners by GovGuam and the compensation of those seized lands to the property owners.

Air Pollution Control Fund - This fund was created by Public Law 24-40 to provide a coordinated Territory-wide program of air pollution prevention, abatement, and control. Revenues are derived primarily from permit application fees and annual emission fees.

Aquaculture Development and Training Fund - This fund was created by Executive Order 88-023 to cover the costs associated with production relating to the Aquaculture Development and Training Center. Revenues for this fund are generated from the sale of the Center's products, leased equipment and facilities and service fees. The fund is administered by the Department of Commerce.

Autonomous Agency Infrastructure Collections Fund - This fund, created by Public Law 24-14, was created to ensure the health and public safety of the people of Guam and public works. The revenues are derived from the operating surpluses generated by autonomous agencies.

Banking and Insurance Enforcement Fund - This fund was created by Public Law 27-88 to account for enforcement activities within the purview of the Office of Commissioner of Banking and Insurance, and the Banking and Insurance Board..

Board of Accountancy Fund - This fund was created for the purpose of regulating aspects of the practice of public accountancy. The Guam Code Annotated Title 22, Subsection 35104(d) states, "all monies collected by the Board ... shall be deposited with the Treasurer of Guam to the credit of the Board." Sources of revenues are from the issuance of certificates and permit fees collected from public accountants and firms practicing public accountancy. Monies shall be expended for administering the Public Accountancy Act of 1990.

CAHA, OET and CEF Fund - This fund was created by Public Law 22-060 to provide travel assistance to eligible organizations, schools and individuals participating in performing arts and humanities competitions.

Carrier Off-Duty Services Revolving Fund - This fund was created by Public Law 25-138. Charges from this fund are from services performed by Customs and Quarantine Officers, in the performance of *their duties on any day of the week* upon special request by the Director of Customs and Quarantine outside of normal working hours.

See Accompanying Independent Auditors' Report.

Chamorro Commercial Loan Fund - Established in 1993 by Public Law 21-148, the Chamorro Commercial Loan Fund is created through the authority of the Chamorro Land Trust Commission. Loans are to be made available to Chamorro Land Trust lessees or by organizations formed and controlled by lessees for the development of theaters, garages, service stations, markets, stores and other mercantile establishments.

Chamorro Education Assistance Fund - This fund was created within the Chamorro Land Trust Commission to account for funds transferred from the Chamorro Home Loan Fund to be expended on educational projects, after consultation with the University of Guam and the Commission, which shall be directed primarily for the educational improvement of the children of lessees.

Chamorro Home Development Fund - This fund was created within the Chamorro Land Trust Commission to account for funds transferred from the Chamorro Home Loan Fund to be made available, with the prior written approval of the Governor, for construction of sanitary sewage facilities, construction of roads through and over Chamorro homelands, and for other nonrevenue producing improvements.

Chamorro Home Loan Fund - This fund was created within the Chamorro Land Trust Commission to account for funds transferred from the General Fund to be made available to extend loan benefits to native Chamorros.

Chamorro Home Repair Fund - This fund was created within the Chamorro Land Trust Commission to account for funds transferred from the General Fund to be made available for loans in amounts not in excess of Five Thousand Dollars ($5,000) to lessees for repairs to their existing homes and for necessary additions to such homes due to increase in family size. Such loans may be made for periods not to exceed five (5) years.

Chamorro Language Commission Fund - This fund was created to finance the activities of the Chamorro Language Commission. These include the study of antecedents, describing good grammar and usages for the Chamorro language and also to prepare a Chamorro-English dictionary. Funding is provided principally from local appropriations.

Chamorro Loan Guarantee Fund - This fund was created within the Chamorro Land Trust Commission to account for loan guarantees granted by governmental agencies or lending institutions to those holding leases or licenses issued under §75107 of the Chamorro Land Trust Commission Act. This guarantee may be for home or commercial loan purposes. The loan guarantees shall be subject to the restrictions imposed by §§75108 and 75113 of this Act.

Coastal Zone Management Fund - The fund was created by Executive Order 93-04 to defray costs for the Eleventh Pacific Basin Coastal Zone Management Conference hosted by the Bureau of Planning. Revenues are generated from the registration fees from participants of the conference.

Community Development Fund - The fund was created by Public Law 18-15 for the purpose of providing minor repairs and maintenance services to the communities in Guam. Revenues are provided through transfers from the Tourist Attraction Fund. Expenditures are made for salaries of employees performing minor repairs and maintenance, in accordance with Section 15009.5 of the Government Code and to purchase equipment and supplies.

See Accompanying Independent Auditors' Report.

Community Health Centers Fund - This fund was created to provide for the Southern Community Health Center. Revenues are derived from fees charged to health service recipients utilizing the Center. Revenues are applied to expenditures applicable to the operation of the Center.

Consumer Protection Fund - The Consumer Protection Fund was created by Public Law 21-18 to account for civil penalties collected under the Deceptive Trade - Practices Consumer Protection Act.

Contractors' License Board Fund - This fund was created to protect the public by licensing the contractors of Guam. Revenues are derived from both license fees and local appropriations.

Controlled Substance Diversion Fund – This fund was created by Public Law 24-149 for use by the Department of Public Health for programs to monitor controlled substances, to identify and detect its diversion, equipment, supplies and contracts necessary to monitor controlled substances, and training of employees tasked with administering the Act. Revenues for this fund are provided for by fees assessed in relation to the registration and control of the manufacture, distribution and dispensing of controlled substances in Guam.

Criminal Injuries Fund - The Criminal Injuries Fund was enacted under Public Law 20-155. The fund was created for the purpose of compensating victims injured through criminal mischief. Public Law 20-155 created the Criminal Injuries Commission which was created to determine, on a case by case basis, who is worthy of compensation. Sources of funding are prosecuted criminals (offenders) and Government appropriations. Per Public Law 20-155, compensation must be made within 18 months of date of injury. In addition, no claim will be awarded in excess of $10,000.

Customs, Agriculture, and Quarantine Inspection Services Fund - This fund was created by Public Law 23-45 and amended by Public Law 23-96 Section 73145 of the Government Code of Guam. The law requires that each aircraft landing at the Guam International Airport Terminal (GIAT) shall be levied a customs, agriculture, and quarantine inspection service charge reasonably related to the cost incurred by the Customs and Quarantine Agency and the Department of Agriculture in providing, maintaining and operating the service charge facilities, and shall be allocated among air carriers in such a manner reasonably related to the relative demand for such services attributable to each carrier. All expenditures of the Fund shall be made exclusively by appropriation of the Guam Legislature. The Fund shall not be commingled with the General Fund and shall be kept in a separate bank account.

Dededo Buffer Strip Revolving Fund - This fund was created as a result of the re-enactment of Section 68901(1) of Title 21 of the Guam Code Annotated as amended by Public Law 24-59. This authorizes the Department of Land Management to enter into commercial leases, not exceeding ten (10) years, for the use of the Dededo and Yigo Municipal Planning Councils (two-thirds to Dededo and one-third to Yigo) for the upkeep and maintenance of sports and recreational facilities.

DOC Inmates Revolving Fund - The fund was created by Executive Order 94-17 and is administered by the Department of Corrections. Revenues are generated from funds collected for housing U.S. prisoners and detainees, meals charged to DOC employees, and sale of wet garbage to private persons. Expenditures are for purchases of clothing, food, equipment, medical supplies and medicines for prisoners and detainees.

See Accompanying Independent Auditors' Report.

D.O.D. Contract Fund - This fund was created by the Department of Administration to account for funds from the United States Department of Defense to the Department of Education (D.O.E.) specifically to provide for fixed tuition payment per eligible D.O.D. student enrolled in the Guam D.O.E. system and for the recruitment of qualified teachers. This fund is not subject to the provisions of OMB Circular A-133.

DPW Building and Design Fund - This fund was created by Public Law 20-221 to be used for review and building inspection operational expenditures. Any fees collected from plan review and building inspection shall be deposited to the special fund.

District Improvement Fund - This fund was created by Public Law 20-183 for the purposes of funding improvement projects to include, but is not limited to capital improvement projects, services, and other beautification tasks. Revenues are derived from taxes collected from real estate property taxes. The fund contains nineteen district sub-accounts, and appropriations from a sub-account may be made upon request to the Legislature by resolution of the Municipal Planning Council of the requesting district.

Drivers' Education Fund - This fund was created by Public Law 22-20 to be expended on personnel, travel, purchase of vehicles, insurance, fuel and maintenance, textbooks and materials, driving simulators, a consultant and for teachers' stipends.

Education Facilities Fund - This fund was created by 12 GCA Section 51107 to be used for the sole purpose of constructing or renovating education facilities.

Enhanced 911 Emergency Reporting System Fund - This fund was created by Public Law 25-55. The fund is created to provide a source of funding for cost associated with the "911" Emergency Reporting System by charging a monthly surcharge known as the "911 Surcharge" paid by Local Exchange Telephone and Commercial Mobil Radio Service subscribers. All money and interest earned by this fund will be used by the Guam Fire Department solely for enhanced "911" equipment and systems.

Environmental Health Fund - This fund was created by Public Law 25-120 to account for all fees and penalties collected pursuant to laws enforced by the Division of Environmental Health of the Department of Public Health and Social Services.

Exxon Fuel Overcharge Fund - This fund was created based on a federal court decision against the Exxon Corporation. Guam was allocated some three million dollars as its share of the settlement. Expenditures are limited to Federal Energy Programs. Revenues are from interest earned on this fund's interest bearing account. This fund is administered by the Guam Energy Office.

Farmers' and Fishermen's Loan Revolving Fund - This fund was created by Public Law 20-105 to grant loans to farmers and fishermen not to exceed $50,000 and not to exceed 4% interest per annum per individual. The loans shall be used for improvement of farmlands and farming and fishing operating expenditures. Payments of principal and interest on the loans shall be deposited to the Fund.

Farmers' Small Loan Revolving Fund - This fund was created by local appropriation for the purpose of making low interest loans to local farmers and fishermen.

Financial Management Revolving Fund - This fund was created by Executive Order No. 2002-12 for costs associated with the handling and accounting for monies and deposits to be charged for treasury services related to the Financial Management Division.

See Accompanying Independent Auditors' Report.

Firefighter Equipment Replacement Fund - This fund was created by Public Law 25-03 as a receiving account for all funds (local, Federal or donated) provided for the purpose of replacing essential fire fighting equipment for the Guam Fire Department.

General Services Agency (GSA) Fund - GSA is maintained within the Department of Administration as the centralized procurement and warehousing for departments and agencies of GovGuam. Additionally, GSA oversees the delegation of procurement authority of approximately eleven departments and agencies.

GSA Inventory Revolving Fund - This fund was created for the purchase and replenishment of items to be carried in the supplies inventory maintained in the warehouse operated by GSA.

GSA Liquidated Damages Fund - This fund was created by Executive Order 86-24 for the purchase of materials and other equipment necessary to support the procurement process. Revenue for this fund is provided by photocopying charges for bid documents and liquidated damages assessed vendors for delay or failure in the delivery of items ordered or in the performance of specific services.

Government Claims Fund - This fund was created by Public Law 17-029 in order to pay for claims against any line agency of GovGuam. The sources of revenue are obtained from legislative appropriations. The Attorney General administers this fund and designates which claims shall be paid.

Government House Revolving Fund - This fund was created by Executive Order 87-008. Its purpose is to account for the fees charged and related expenditures made for the use of the Government House for public functions held.

Group Life Insurance Fund - This fund was created by Public Law 18-33 from which claims were paid out as set forth in GovGuam's group life insurance policy between April 30, 1986, and sixty days thereafter, or until a private insurance company takes over GovGuam's group life insurance program. Funding is derived from premiums deducted from eligible subscribers. The fund was abolished and dissolved on January 1, 1997. The fund's balances and receivables were credited to the General Fund.

Guam Based Trust Fund - This fund was created by Public Law 25-73 to provide for the protection of the public interest and to regulate companies that engage in the Trust Company business.

Guam Beautification Fund - This fund was created whereby 50% of assessments, fines, bail forfeitures and other funds collected pursuant to §51204 of Title 10, Guam Code Annotated, shall be deposited and used for landscaping, planting of grass, shrubs, trees and flowers, and for other improvements to public recreational areas.

GPSS Federal Grants Fund - This fund was created within the Guam Department of Education to account for all activities of special federal assistance grants utilized by GDOE.

Guam Environmental Trust Fund - This fund was created through Public Law 21-10. The fund is administered by the Guam Environmental Protection Agency and was created to clean up hazardous materials and to restore and repair damage to the environment. Revenues are generated through collection of a 2% assessment fee on all commercial and industrial liability insurance premiums which will be collected by the Department of Revenue and Taxation.

See Accompanying Independent Auditors' Report.

GFD Capital Outlay Revolving Fund - This fund was created to purchase essential emergency rescue and firefighting vehicles, and emergency life support and medical equipment, which is under the control of the Guam Fire Department and the Director of Administration.

GFD Lease-to-Purchase Program Fund - This fund was created by Public Law 26-35 within the Guam Fire Department to account for debt service incurred for the lease or purchase of firefighting equipment.

Guam Housing Corporation Revolving Fund - This fund was created by Public Law 20-210 to provide a low interest government loan to the Guam Housing Corporation (GHC) in order for the GHC to extend low interest mortgage loans to low and moderate income families and individuals. The loans shall be used for the purpose of construction of a home under the GHC lending programs. All payments of principal and interest received by GHC as payment of the loan shall be deposited in the Fund.

Guam Museum Fund - This fund was created by Public Law 21-118 to provide benefits to Museum facility expansion and improvements. All revenues and other property of the Guam Museum are exempt from taxation by GovGuam. All donations to the Museum shall be tax deductible to the donors. The Board of Trustees of the Museum shall administer this fund.

Guam Plant Inspection and Permit Fund - This fund was created by Public Law 27-29 for the administration, operation, maintenance and improvement of the Plant Inspection Station of the Department of Agriculture

Guam Preservation Trust Fund - This fund was created by Public Law 20-151 as a non-profit public corporation, for the purpose of the preservation of the island's many historical and cultural locations. Revenues are derived from building permit fees assessed to contractors before the issuance of any type of building permit. Expenditures are limited to costs involved in the acquisition of threatened Guam properties for the preservation of their historical value, and to support other activities directly related to increasing the public appreciation of the benefit from historical places.

Health and Human Services Fund - This fund was created by Public Law 24-174 to account for 10% of proceeds from the sale and securitization of the allocation under the Master Settlement Agreement for settlements received from the tobacco industry.

Health and Security Trust Fund - This fund was created by Public Law 24-174 to account for 50% of proceeds from the sale and securitization of the allocation under the Master Settlement Agreement to be expended for the operations and capital expenditures of the Guam Memorial Hospital Authority.

Health Professional Licensure Fund - This fund was created by Public Law 21-33 to defray the cost of obtaining standardized examination materials and services for the healing arts and cosmetology licensor and the cost of proctoring examination at the testing site.

Healthcare Systems Privatization Fund – This fund was created by Public Law 26-35 for the purpose of funding agreements entered into by the Director of Public Health and Social Services with a private, qualified managed care health plan, HMO, PPO or insurance company to act as a Healthcare System Provider for the provision of applicable hospital, medical, dental, and mental health coverage to eligible members of one (1) or all of the Guam Children's Health Insurance Program, the Guam Medicaid Program, and the Guam Medically Indigent Program, (collectively, 'the Healthcare System').

See Accompanying Independent Auditors' Report.

Healthy Futures Fund – This fund was created by Public Law 27-05 to account for 50% of proceeds received on alcoholic beverages excise taxes and all tobacco-related taxes to be expended for health and education programs relating to tobacco and alcohol prevention, cessation, treatment and control, and to improving overall health and well-being.

Housing Revolving Fund - This fund is maintained to account for the leasing of Government of Guam housing units to both private individuals and public organizations. Funding of this program is provided by both rental fees and Government contributions.

Human Resource Services Revolving Fund – This fund was created by Executive Order No. 2002-01 for administrative costs and supplies and equipment costs associated within the areas of classification and pay, recruitment, records, employee benefits, test development, employee management relations, training and development, as well as the Drug-Free Workplace Program of the Human Resources Division.

Income Tax Efficiency Payment Fund – This fund was created by Public Law 26-74 for the purpose of improving the efficiency of tax refund payments by hiring temporary income tax return processors, training of Department of Revenue and Taxation employees, and the purchase of computer and other equipment to quickly process income tax returns.

Income Tax Rebate Fund - This fund is maintained to segregate and accumulate for disbursement, tax monies paid in by GEDA Qualifying Certificate holders. This fund also serves to measure the financial impact of the GEDA program.

Income Tax Refund Reserve Fund - This fund was created by Public Law 22-140 for the purpose of receiving General Fund revenues reserved for income tax refund payments. This fund is not subject to any transfer authority of the Governor of Guam.

Individuals with Disabilities Disaster Recovery Fund – This fund was created by Public Law 24-172 to mitigate damages and losses of medical equipment, medical supplies and medications to individuals with disabilities and other patients under the care of a licensed physician. Funding is provided primarily through General Fund appropriations.

Inmates Work Release Fund - This fund was created by Public Law 21-75 for the purpose of providing gainful employment to persons who, having been sentenced after convictions of a crime, is in the custody of the Director of Corrections. The program shall encompass the manufacturing of artifacts and souvenirs, automotive repair work, farm labor, forestry and other programs that the Director sees fit to implement.

Komitea Para Tiyan – This fund was created by Public Law 23-46 for the purpose of collecting proceeds from lease fees or rental of equipment and facilities within NAS. Money collected shall be used only for payment of utility expenses incurred by the common areas of Tiyan and not for utility expenses incurred by any department or agency.

Land Acquisition Fund – This fund was created by Public Law 9-170 for the purposes of acquiring private land for public purposes. Initial capital in the amount of $500,000 was appropriated to the fund, and shall be replenished by annual appropriations by the Legislature.

See Accompanying Independent Auditors' Report.

Land Claims Fund - This fund was created by Public Law 16-111 to grant loans to those persons who are eligible to bring proceedings for additional compensation under the provisions of Section 204 of the Omnibus Territories Act of 1977 for land acquired by the United States between July 21, 1944 and August 23, 1963, other than through judicial condemnation proceedings in which the issue of compensation was adjudicated in a contested trial in the District Court of Guam.

Land for the Landless Fund - This fund was created to maintain funds acquired from the sale of lands sold by GovGuam to individuals. The Director of Administration shall administer this fund. Expenditures from this fund shall only be authorized by the Provider of Public Works and may only be used for the installation and maintenance of infrastructure within the various subdivisions under the program.

Land Survey Revolving Fund - This fund was created in order to administer the surveying, mapping, and registration of all government-owned properties. Revenues are derived from certain documentary fees and proceeds from leases of government land. Funds are expended after allotments authorizing their expenditure are created by the Bureau of Budget and Management Research.

Legislature Operations Fund - The Guam Legislature was created by the Organic Act of Guam, as amended. It is a unicameral body of 15 members elected bi-annually. It meets in two regular year-round sessions. Funding is provided through General Fund appropriations.

Litter Control Revolving Fund - This fund was created by Public Law 17-87. The administrator of the Guam Environmental Protection Agency is responsible for the Fund's activities. All fines, assessments, bail forfeitures and other funds collected from violation of Territorial litter laws are deposited into this Fund. Expenditures made from the Fund are authorized for enforcement of the litter laws, educational programs, and clean-up of public areas.

Livestock Fund - This fund was created by Public Law 25-186 to administer the transfer/sale of livestock.

Manpower Development Fund - This fund was created by Public Law 18-48 to enhance manpower training programs. The fund receives revenues from registration fees of non-immigrant workers.

Medically Indigent Program Payment Revolving Fund – This fund was created by Public Law 25-164 to be used for the payment of any authorized Medically Indigent Program obligation, regardless of when the obligation was incurred.

Medicaid and Medically Indigent Program Assistance Payment Fund – This fund was created by Public Law 26-58 to be used for the purpose of covering any program shortfall in the Medically Indigent Program and Public Assistance Program of the Department of Public Health and Social Services.

Mental Health and Substance Abuse Fund – This fund was created by Public Law 26-68 to account for all proceeds received by the Youth Tobacco Education and Prevention Fund to be expended for youth compliance monitoring and tobacco and drug prevention and education programs.

Municipal Litter and Defacement Fund – This fund was created by Public Law 25-119 to account for all funds received from the enforcement of litter laws and to be used by Mayors with the approval of the Municipal Planning Council for beautification and safety projects, including, but not limited to, the purchase of supplies.

See Accompanying Independent Auditors' Report.

Notary Public Revolving Fund - This fund was created by Public Law 23-81 to account for all funds generated from fees for application, authentication, copying and other government fees required by the notary program. The funds shall be used by the Attorney General for the purpose of overseeing the notary program, including personnel costs for training, notary educational programs and conferences, and any administrative and equipment costs.

Ocean Freight Legal Fund - This fund was created by Public Law 20-221 for the purpose of funding expenses incurred in determining whether ocean freight rates being assessed for cargo carriage between the U.S. mainland and Guam are just and reasonable and to develop a rate setting mechanism which would be acceptable to the shipping lines, the federal government and GovGuam.

Off-Island Sports Fund – This fund was created by Public Law 14-33 for the purpose of to provide grants for transportation expenses for off-island travel by civilian sports organizations and individuals who engage in athletic competition and ROTC Drill Teams.

Off-Island Sports Travel Fund – This fund was created for the purpose of providing grants for transportation expenses for off-island travel by civilian sports organizations and individuals who engage in athletic competition and ROTC Drill Teams.

Off-Island Travel Fund – This fund was created by Public Law 25-98 Section 24, for the purpose of paying for off-island travel expenses incurred within the Executive Branch agencies, and who are directly supported by the General Fund. The fund does not support off-island travel expenses incurred by autonomous agencies. Disbursement of the fund is determined by the Governor.

Off-Island Treatment Fund - This fund was created by Public Law 20-220 to be administered by the Director of Administration. Monies from the Fund shall be expended upon order of the Superior Court of Guam to send a person under the jurisdiction of the court off-island for residential care arising from a physical, mental or emotional handicap or a severe emotional disturbance. Monies shall be expended for diagnosis, evaluation and treatment fees, medical and incidental expenses, room and board and transportation costs.

Overtime Fund – This fund was created by Public Law 25-98 Section 23, for the purpose of paying for overtime expenses incurred within the Executive Branch agencies, and who are directly supported by the General Fund. The fund does not support overtime expenses incurred by the autonomous agencies. Disbursements of overtime fund is determined by the Governor.

Parks and Recreation Revolving Fund - This fund was created by Public Law 16-44 for the development, improvement and maintenance of the Guam Territorial Park System. Expenditures are authorized and made by appropriations from the Legislature.

Plant Nursery Revolving Fund - This fund was created by Executive Order 75-39 on September 3, 1975. Legislative authority for the fund is found under Section 6112(a) of the Government Code of Guam. The fund is created for the purchase and sale of seedlings and comes under the cognizance and jurisdiction of the Director of Agriculture. Original funding was provided by the General Fund under Public Law 13-27 and 13-37.

Plant Protection and Quarantine Revolving Fund - This fund was created to account for all fees collected under the Department of Agriculture's fee schedule for agricultural quarantine activities.

See Accompanying Independent Auditors' Report.

Police Services Fund - This fund was created by Public Law 24-23 for the purpose of funding the general operational needs of the Guam Police Department. Revenues are derived mainly from miscellaneous services and fees provided by the department.

Printing Revolving Fund - This fund is maintained to collect all monies received as payment for publications and publication services provided by the compiler of laws and to pay all costs associated with the printing and publishing of local laws. Funding was provided by local appropriation, however; when activities begin, funding will also be provided from publication charges.

Professional Engineers', Architects' and Surveyors' Fund - This fund was created to receive fees from licenses and license renewals and to use those funds to administer and enforce the laws relating to professional engineers, architects and land surveyors.

Program Development Fund - This fund was created by Public Law 18-20 in order to issue a Mortgage Revenue Bond. The issuance of the bond is under the responsibility of GEDCA. The proceeds are used to make loans to multi-family housing developers.

Public Auditor Fund – The Office of the Public Auditor was created by Public Law 21-122 as an instrumentality of GovGuam, independent of the executive, legislative and judicial branches.

Public Defender Service Corporation Fund – This fund was created by Public Law 13-51 to provide effective legal aid and assistance to those persons on Guam who are unable to afford counsel.

Public Library System – This fund accounts for the operations of all libraries in the Library System on Guam in accordance with the rules and regulations promulgated by the Library Board.

Public Recreation Services Fund – This fund was created by Public Law 27-106 to account for the maintenance, upgrade and upkeep of all parks and recreational facilities within the jurisdiction of the Department of Parks and Recreation, and the creation and continuance of existing community related programs and activities for the benefit of the island.

Public Service Recovery Fund – This fund was created by Executive Order 98-12 to expend funds for the following purposes: 1) for equipment related directly to public service; 2) for contracts directly related to public service; 3) for facilities and infrastructure repair, improvement and development that are for the public's use and benefit, whether or not a facility or infrastructure repair is subject to user fees or rates; and 4) for reimbursement to autonomous agencies for costs incurred from fiscal year 1994 and thereafter.

Public Transit Fund – This fund was created by Public Law 26-76 under the authority of the Department of Administration to operate Guam's mass transit system.

Rabies Prevention Fund – This fund was created by Public Law 24-216 to maintain, enhance and secure the prevention of rabies on Guam. Revenues are derived from issuance of entry permits for any dog or cat imported into Guam.

Rainy Day Fund - This fund was created by Public Law 22-24 to reduce the accumulated General Fund deficit.

See Accompanying Independent Auditors' Report.

Safe Homes, Safe Streets Fund – This fund was created by Public Law 27-05 to account for 50% of alcoholic beverage excise taxes received and to be expended on public safety and social programs that enforce alcohol regulations, reduce underage drinking, support traffic safety, reduce drug-related violence and abuse, and/or support community-based drug and substance abuse prevention programs.

Safe Streets Fund - This fund was created by Public Law 22-41 within the Superior Court of Guam, which shall be maintained separate and apart from the other funds of the Superior Court. All fines collected for any of the acts made unlawful in §§18102, 18109, 18111, 18120, and 18121 of Title 16, Guam Code Annotated, as amended from time to time, and for which punishment is prescribed in §§18104, 18105, 18106, 18107, 18109, 18110, 18111, 18119, 18120 and 18121 of Title 16, Guam Code Annotated, as amended from time to time, shall be deposited in the Safe Streets Fund. So much of the Fund as is required is appropriated to the Department of Corrections to be used to compensate staff and provide supplies or facilities to house incarcerated persons convicted of misdemeanors and persons convicted of acts made unlawful in Article 1, Chapter 18 of Title 16, Guam Code Annotated. The Director of Corrections may expend not more than Eight Thousand Dollars ($8,000) per month from the fund for the purpose outlined in Subsection (c) of this Section, which the Administrative Director of the Courts shall pay over to the Director of Corrections on a regular basis. Any funds in excess of the monthly payment to the Director of Corrections and all funds accumulated shall be disbursed in accordance with Subsection (c) of §9211 of Title 7, Guam Code Annotated.

Solid Waste Management Plan – This fund was created by Public Law 25-175 to be administered by the Guam Environmental Protection Agency to deal with solid waste management.

SW Medical Monitoring Fund – This fund was created by Public Law 24-181 for the purpose of monitoring people where solid waste management facilities exist, and compensating them by providing funding for community healthcare needs or community health care programs in villages as provided for the SWMF Health Monitoring and Compensation Act of 1998. A levy of one percent of all tipping fees is levied on any person operating a Solid Waste Management Facility and deposited in this fund.

Special Assets Forfeiture Fund – This fund was created by Public Law 26-120 to account for property that is forfeited under any local law enforced or administered by the Guam Police Department.

State Agency for Surplus Property Fund – This fund was created for the disposal of salvage and surplus personal property from GovGuam agencies and departments.

Street Light Fund - This fund was created by Public Law 27-38 to pay for the installation and operation of public street lights.

Stripperwell Overcharge Fund - This fund was created based on a federal court decision against Stripperwell. As with the Exxon Overcharge Fund, Guam was allocated a share of the settlement. Expenditures are limited to Federal Energy Programs. Revenues are from interest earned on this fund's interest bearing account. This fund is administered by the Guam Energy Office.

Superior Court Operations Fund - During 1984, the Superior Court of Guam was legally created as a separate special revenue fund. Funding is provided primarily through General Fund appropriations.

Supreme Court of Guam – The fund was created by Public Law 21-147 as an independent judicial branch of GovGuam. The Supreme Court of Guam was created to determine the appropriate procedures for reviewing decisions rendered by the Superior Court of Guam. Funding is provided primarily through Government of Guam General Fund appropriations.

See Accompanying Independent Auditors' Report.

Supplemental Annuity Benefits Fund - This fund was created by Public Law 27-29 for the purpose of accounting for the payment of retiree supplemental annuity benefits by the Department of Administration.

Taguag Memorial Cemetery Fund - The Taguag Memorial Cemetery Fund was created through Executive Order 85-7. Revenues in this fund are comprised exclusively of cemetery plot fees. Funds are used to pay for the cost of opening and closing graves and general maintenance of the grounds.

Tax Collection Fund – This fund was created by Public Law 27-05. Fifty percent (50%) of the fund is earmarked for the purposes of employing tax technicians, revenue agents, revenue officers, and for other related expenses in order to increase collection of taxes and for the salaries of employees serving as Passport Acceptance Agents. The remaining fifty percent (50%) is to be deposited in the Public School Library Resources Fund.

Territorial Educational Facilities Fund (TEF) - TEF was created by Public Law 22-19 (as amended by Public Law 23-14) to account for all real property tax revenues received by or on behalf of GovGuam. These revenues are used for the debt service payments of the General Obligation Bonds, 1993 Series A and 1995 Series A.

Territorial Highway Fund - This fund was created for the purpose of obtaining proper maintenance and construction of highways and for the implementation of Highway Safety plans, programs and projects. Revenues are derived from Federal grants, certain liquid fuels taxes, vehicle registration fees and local appropriations.

Tiyan Trust Fund – This fund was created by Public Law 24-214 to set aside all net income derived from Tiyan into a trust fund to be administered for the benefit of the original owners of the Tiyan property and their descendants, since in this way, all of the original owners of Tiyan and their progeny can be fairly treated.

Tourist Attraction Fund - This fund was created to finance the improvement of the physical facilities of Guam's parks and recreation areas. Financing is provided by the imposition of an 11 percent tax on lodging provided to transients.

Typhoon Chata'an and Halong Fund – This fund was created by Public Law 26-116 to account for appropriations made by the Legislature to cover the emergency recovery needs of Guam resulting from Typhoons Chata'an and Halong.

Typhoon Paka Emergency Fund – This fund was created by Public Law 24-117 to respond to the emergency needs of the people of Guam in the wake of the devastation of Supertyphoon Paka. This act appropriated funds that were considered necessary to meet the emergency recovery needs of Guam resulting from Supertyphoon Paka, which struck the island on December 16, 1997.

UOG Capital Improvements Fund – This fund was created by Public Law 26-48 to account for the design, construction and collateral equipment of the College of Business and Public Administration, and for the replacement of the roof of the Fine Arts Building.

See Accompanying Independent Auditors' Report.

UOG Higher Education Endowment Fund - This fund was created by Public Law 24-174 to account for 15% of proceeds from the sale and securitization of the allocation under the Master Settlement Agreement to be expended for the enhancement of learning resources and technology at the University of Guam.

Veterans' Bonus Fund - This fund is maintained to pay benefits to Guam's veterans and Civil Scouts whose service was inadequately recognized. Funding is provided both from Government contributions and taxes imposed on greyhound racing. Revenue provided under this fund is appropriated under Public Law 20-196 to the University of Guam as an additional source of funding to prevent any proposed tuition increase.

Village Streets Fund - This fund was created by Public Law 23-128. This Fund shall be used exclusively for the purpose of payment to vendors for village road planning, design, construction, reconstruction, improvement, repair and maintenance services, the acquisition of rights of way, or to service debt payments of revenue bonds which may be issued to fund the construction, repair and maintenance of secondary and tertiary roads.

Vocational Rehabilitation Revolving Fund – This fund was created by Executive Order 87-11 (E.O. 87-11) to be administered by the Department of Vocational Rehabilitation to pay the wages of Guam's severely disabled workers and other expenses necessary for their employment, such as workmen's compensation insurance. Revenues come from monies received from the sale of goods produced or service performed by severely disabled workers.

Water Protection Fund - This fund was created by Public Law 22-47 to provide funding for the administration and implementation and enforcement of the Water Pollution Control Act and regulations promulgated from said Act, for educational programs and grants for research and development, advertisement promotions, and inspections of facilities to prevent or minimize erosion that contributes to pollution of the waters.

Water Research and Development Fund – This fund was created by Public Law 22-47 to conduct water resource research which will contribute to the effective planning and management of Guam's underground and surface water, and to the development of programs which promote the best use of these resources.

Wildlife Conservation Fund - This fund was created to preserve, manage, enhance and protect the Government's wildlife resources and their environment. Revenues are derived principally from the sale of hunting, fishing and harvesting licenses, fees and permits.

Workmen's Compensation Fund - This fund was authorized to be created by Public Law 1-88. Section 37042 of the Government Code of Guam requires a fund sufficient to secure compensation payments under Title XXXIII of the Government Code in respect to employees of GovGuam, its agencies and instrumentalities, including any public corporation. Funds are disbursed upon the order of the Workers Compensation Commission, of which the Director of Labor is the Commissioner.

Youth Tobacco Education and Prevention Fund – This fund was created by Public Law 25-187 to account for 10% of proceeds from the sale and securitization of the allocation under the Master Settlement Agreement to be utilized by the Department of Mental Health and Substance Abuse, for youth compliance monitoring and tobacco and drug prevention and education programs.

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Nonmajor Governmental Funds - Capital Project Funds

September 30, 2005

Capital projects funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds. A brief discussion of GovGuam's nonmajor governmental funds - capital projects funds as of September 30, 2005, follows:

Limited Obligation Highway Improvement Bonds Fund – This fund is used to account for the construction of highway improvement projects from Limited Obligation Highway Improvement bond proceeds.

Limited Obligation Infrastructure Improvement Bonds Fund – This fund is used to account for the construction of capital improvement projects from Limited Obligation Infrastructure Improvement bond proceeds.

Water System Revenue Bond Fund – This fund is used to account for the repayment of certain debt, including the 1989 Water System Revenue Bonds, the debt of the Guam Memorial Hospital Authority, the voluntary service debt and for expanding and improving the existing water system of GovGuam operated by the Public Utility Agency of Guam, now the Guam Waterworks Authority.

PUAG Capital Projects Fund– This fund is used to account for expanding and improving the existing water system of GovGuam operated by the Public Utility Agency of Guam, now the Guam Waterworks Authority.

General Obligation Bond Series A 1993 Fund – This fund is used to account for the construction of new or renovated educational facilities from General Obligation Bond Series A 1993 bond proceeds.

Judicial Building Fund – This fund is used to account for the construction of miscellaneous capital improvements of the Superior Court of Guam and to redeem loan principal and to pay loan interest as such becomes due.

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Nonmajor Governmental Funds - Debt Service Funds

September 30, 2005

Debt service funds are used to account for the accumulation of resources and payment of general obligation bond principal and interest from governmental resources when the government is obligated in some manner for the payment. A brief discussion of GovGuam's nonmajor governmental funds - debt service funds as of September 30, 2005, follows:

Limited Obligation Highway Improvement Bonds Fund – This fund is used to account for funds required by the Limited Obligation Highway Improvement bond indenture to redeem bond principal and to pay bond interest as such becomes due.

Limited Obligation Infrastructure Improvement Bonds Fund – This fund is used to account for funds required by the Limited Obligation Infrastructure Improvement bond indenture to redeem bond principal and to pay bond interest as such becomes due.

Water System Revenue Bond Fund – This fund is used to account for funds required by the Limited Obligation (Section 30) Bond Series A 2001 bond indenture to redeem bond principal and to pay bond interest as such becomes due.

General Obligation Bond Series A 1993 Fund – This fund is used to account for funds required by the General Obligation Bond Series A 1993 bond indenture to redeem bond principal and to pay bond interest as such becomes due.

General Obligation Bond Series A 1994 Fund – This fund is used to account for funds required by the General Obligation Bond Series A 1994 bond indenture to redeem bond principal and to pay bond interest as such becomes due.

General Obligation Bond Series A 1995 Fund – This fund is used to account for funds required by the General Obligation Bond Series A 1995 bond indenture to redeem bond principal and to pay bond interest as such becomes due.

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Nonmajor Component Units
September 30, 2005

Component units are legally separate organizations for which the elected officials of GovGuam are financially accountable. Nonmajor component units are defined as those component units whose activities are not significant or material to that of the primary government or to all component units as a whole. Proprietary funds are used to account for a government's ongoing organizations and activities that are similar to those often found in the private sector. All assets, liabilities, equities, revenues, expenses, and transfers relating to the government's business and quasi - business activities - where net income and capital maintenance are measured - are accounted for through proprietary funds. The generally accepted accounting principles here are generally those applicable to similar businesses in the private sector: the measurement focus is on determination of the change in net assets, financial position and cash flows. A brief discussion of GovGuam's nonmajor component units as of September 30, 2005, follows:

Guam Community College (GCC) - GCC was created by the enactment of Public Law 14-77, "The Community College Act of 1977," which became effective on November 11, 1977. Administration and operation of GCC is under the control of a nine-member Board of Trustees appointed by the Governor of Guam with the advice and consent of the Guam Legislature. Two of the nine members have no voting and participation rights as they represent the faculty and staff union.

Guam Housing and Urban Renewal Authority (GHURA) – GHURA was created by Government Code, Vol. II, Title XIV, Chapter X, 13902. GHURA's purpose is to promote the health, safety and welfare of the people of Guam by eliminating slum and blight conditions, by the orderly redevelopment and renewal of communities, by proper planning of community development and by provision of safe, decent and sanitary dwellings for low-income families, through all available Federal and local governmental programs. The Board of Commissioners of GHURA are appointed by the Governor of Guam with the advice and consent of the Guam Legislature. Revenues are derived from Federal financial assistance and rentals or charges for dwelling accommodations.

Guam Housing Corporation (GHC) - GHC was organized under the authority of Public Law 8-80 to promote the general welfare of GovGuam by encouraging investment in and development of low-cost housing. GHC provides for its operating needs by charging points on its low cost loans. Interest rates are determined by its Board of Directors.

Guam Economic Development and Commerce Authority (GEDCA) - GEDCA was created to assist in the implementation of an integrated program for the economic development of Guam. Enabling legislation set forth several specific purposes for the establishment of GEDCA to include:

a) Aiding private enterprise without competing with it;
b) Expansion of the money supply to finance housing facilities; and
c) Providing the means necessary for acquisition of hospital facilities.

To accomplish the stated purposes, GEDCA is authorized to conduct research, invest in, provide loans, operate and provide technical assistance to industries and/or agricultural projects; issue revenue bonds; obtain GovGuam land; purchase mortgages; and recommend to the Governor of Guam businesses qualifying for tax rebates and abatements. GEDCA utilizes various Trust Funds to accomplish its stated purposes.

See Accompanying Independent Auditors' Report.

Guam Visitors Bureau (GVB) - GVB is a public corporation created for the purpose of promoting the visitor industry in Guam. Funding is provided from transfers of appropriations from the Tourist Attraction Fund and interest income.

Guam Educational Telecommunications Corporation (GETC) - GETC, also known as KGTF-TV, was created as a public corporation by Public Law 12-194, as approved on January 2, 1975. The law sets forth the purpose of the Corporation to present educational television to the people of Guam and involve the people of Guam in its activities to the maximum extent possible. Funding is primarily derived from appropriations from the General Fund, community service grants and contributions from the public.

Chamorro Land Trust Commission (CLTC) - CLTC was organized under the authority of Public Law 12-226 to protect and ensure trust lands are efficiently and effectively awarded to native Chamorros through residential, agricultural, and commercial leases. CLTC's objectives are to act in the interest of beneficiaries, maintain and uphold fiduciary responsibilities for the beneficiaries, and to exercise due diligence in the management of Chamorro homelands. CLTC currently has a trust land inventory of 12,731 acres or 51,520,529 square meters.

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Fiduciary Funds
September 30, 2005

Fiduciary funds are used to account for assets held by GovGuam in a fiduciary capacity. A brief description of each fund follows.

Pension Trust Fund

Government of Guam Retirement Fund - Public Law 1-88 and Public Law 9-251 (Section 4201 of the Government Code of Guam) created the Retirement Fund to provide retirement annuities and other benefits to employees of the Government who became aged or incapacitated or to dependents or survivors of these employees. The Retirement Fund is administered by a Board of Trustees who bear responsibility for the direction and operation of the affairs and business of the retirement system.

Private Purpose Trust Funds

Superior Court Trust Funds - The Superior Court is responsible for maintaining five trust funds which were primarily created through judicial decree. These Trusts are:

Land Condemnation Fund	- an escrow account for governmental land acquisitions.
Guardianship Fund	- to account for the financial affairs of individuals for whom the Court has been petitioned to act as a guardian.
Trust Fund	- to account for judgments compelling individuals to award payments arising from various civil and criminal cases.
Traffic Court	- to account for deposits made by accused traffic offenders who are contesting charges against them.
Jury Fund	- to account for funds awarded and to be awarded to citizens who serve on juries. Funding is derived from local appropriations.

Supreme Court Trust Fund – This fund was created to hold the assets in conjunction with an embezzlement judgment brought against a local attorney and to pay valid claims in accordance with any rulings.

Agency Fund

Agency funds are normally used to account for assets held by a government as an agent for individuals, private organizations or other governments and/or other funds. Agency funds are purely custodial (assets equal liabilities) and thus do not involve measurement of results of operations.

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM
Nonmajor Governmental Funds - Special Revenue Funds
Combining Balance Sheet
September 30, 2005

AS/400 Fund Number	271	236	309	265	262	611	266	305	282
	1999 SPG Revolving	Accessible Parking	Agana Fractional Lots Program	Air Pollution Control	Autonomous Agency Infrastructure Collections	Banking and Insurance Enforcement	Board of Accountancy	CAHA, OET and CEF	Carrier Off-duty Services Revolving
ASSETS									
Cash and cash equivalents	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Investments	-	-	-	-	-	-	-	-	-
Receivables, net:									
Taxes	-	-	-	-	-	-	-	-	-
Federal agencies	-	-	-	-	-	-	-	-	-
Other	-	-	90,170	-	-	-	-	-	-
Due from other funds	-	5,566	126,426	325,482	460	5,500	1,206,798	266	111,026
Due from private purpose trust funds	-	-	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-	-	-
Deposits and other assets	84,990	-	584	-	-	-	-	-	-
Total assets	$ 84,990	$ 5,566	$ 217,180	$ 325,482	$ 460	$ 5,500	$ 1,206,798	$ 266	$ 111,026
LIABILITIES AND FUND BALANCES (DEFICIT)									
Liabilities:									
Accounts payable	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Accrued payroll and other	-	-	-	-	-	-	-	-	39,273
Due to component units	-	-	-	-	-	-	-	-	-
Due to other funds	81,441	-	-	-	-	-	-	-	-
Payable to federal agencies	-	-	-	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-	-	-	-
Provision for tax refunds	-	-	-	-	-	-	-	-	-
Deposits and other liabilities	-	-	-	-	-	-	-	-	-
Total liabilities	81,441	-	-	-	-	-	-	-	39,273
Fund balances (deficit):									
Reserved for:									
Related assets	-	-	-	-	-	-	-	-	-
Encumbrances	-	-	-	21,502	-	-	270,882	-	-
Continuing appropriations	-	-	-	177,091	-	-	586,366	-	-
Unreserved (deficit)	3,549	5,566	217,180	126,889	460	5,500	349,550	266	71,753
Total fund balances (deficit)	3,549	5,566	217,180	325,482	460	5,500	1,206,798	266	71,753
Total liabilities and fund balances (deficit)	$ 84,990	$ 5,566	$ 217,180	$ 325,482	$ 460	$ 5,500	$ 1,206,798	$ 266	$ 111,026

(continued)

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM
Nonmajor Governmental Funds - Special Revenue Funds
Combining Balance Sheet
September 30, 2005

AS/400 Fund Number	411	220	105	250	213	272	325	209	267
	Chamorro Commercial Loan	Chamorro Language Commission	Community Health Centers	Consumer Protection	Contractors' License Board	Controlled Substance Diversion	Criminal Injuries	Customs, Agriculture and Quarantine Inspection Services	Dededo Buffer Strip Revolving
ASSETS									
Cash and cash equivalents	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 315,028	$ -
Investments	-	-	-	-	-	-	-	-	-
Receivables, net:									
Taxes	-	-	-	-	-	-	-	-	-
Federal agencies	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	1,777,798	-
Due from other funds	-	2,936	548,418	135	243,365	114,839	246,831	-	154,917
Due from private purpose trust funds	-	-	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-	-	-
Deposits and other assets	-	-	-	-	-	-	-	-	-
Total assets	$ -	$ 2,936	$ 548,418	$ 135	$ 243,365	$ 114,839	$ 246,831	$ 2,092,826	$ 154,917
LIABILITIES AND FUND BALANCES (DEFICIT)									
Liabilities:									
Accounts payable	$ -	$ -	$ -	$ -	$ -	$ -	$ 169	$ -	$ -
Accrued payroll and other	16,493	-	19,901	-	7,545	-	-	253,978	-
Due to component units	-	-	-	-	-	-	-	-	-
Due to other funds	139,330	-	-	-	-	-	-	1,802,019	-
Payable to federal agencies	-	-	-	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-	-	-	-
Provision for tax refunds	-	-	-	-	-	-	-	-	-
Deposits and other liabilities	-	2,936	-	-	-	-	74,655	36,829	-
Total liabilities	155,823	2,936	19,901	-	7,545	-	74,824	2,092,826	-
Fund balances (deficit):									
Reserved for:									
Related assets	-	-	-	-	-	-	-	-	-
Encumbrances	29,862	-	311,637	-	16,814	-	-	65,256	-
Continuing appropriations	256,532	-	896,123	-	-	87,904	10,136	699,600	36,859
Unreserved (deficit)	(442,217)	-	(679,243)	135	219,006	26,935	161,871	(764,856)	118,058
Total fund balances (deficit)	(155,823)	-	528,517	135	235,820	114,839	172,007	-	154,917
Total liabilities and fund balances (deficit)	$ -	$ 2,936	$ 548,418	$ 135	$ 243,365	$ 114,839	$ 246,831	$ 2,092,826	$ 154,917

(continued)

Nonmajor Governmental Funds - Special Revenue Funds
Combining Balance Sheet
September 30, 2005

AS/400 Fund Number	214	106	235	246	281	600	104	243
	DOC Inmates Revolving	D.O.D. Contract	DPW Building and Design	Drivers' Education	Enhanced 911 Emergency Reporting System	Environmental Health	Exxon Fuel Overcharge	Farmers' and Fishermen's Loan Revolving
ASSETS								
Cash and cash equivalents	$ -	$ 112,591	$ -	$ -	$ -	$ -	$ 216,122	$ -
Investments	-	-	-	-	-	-	-	-
Receivables, net:								
Taxes	-	-	-	-	-	-	-	-
Federal agencies	-	-	-	-	-	-	-	-
Other	236,169	-	85,144	-	-	-	28,625	90,611
Due from other funds	319,175	290,771	1,501,277	293,518	1,857,967	828,766	438,613	35,820
Due from private purpose trust funds	-	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-	-
Deposits and other assets	-	-	-	-	-	-	-	-
Total assets	$ 555,344	$ 403,362	$ 1,586,421	$ 293,518	$ 1,857,967	$ 828,766	$ 683,360	$ 126,431
LIABILITIES AND FUND BALANCES (DEFICIT)								
Liabilities:								
Accounts payable	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Accrued payroll and other	-	-	-	-	15,599	12,614	-	-
Due to component units	-	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-	-
Payable to federal agencies	-	-	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-	-	-
Provision for tax refunds	-	-	-	-	-	-	-	-
Deposits and other liabilities	-	403,355	-	-	-	-	-	-
Total liabilities	-	403,355	-	-	15,599	12,614	-	-
Fund balances (deficit):								
Reserved for:								
Related assets	-	-	-	-	-	-	-	90,611
Encumbrances	24,756	-	-	-	86,987	2,100	1,383	-
Continuing appropriations	329,313	-	-	-	-	295,867	-	-
Unreserved (deficit)	201,275	7	1,586,421	293,518	1,755,381	518,185	681,977	35,820
Total fund balances (deficit)	555,344	7	1,586,421	293,518	1,842,368	816,152	683,360	126,431
Total liabilities and fund balances (deficit)	$ 555,344	$ 403,362	$ 1,586,421	$ 293,518	$ 1,857,967	$ 828,766	$ 683,360	$ 126,431

(continued)

GOVERNMENT OF GUAM
Nonmajor Governmental Funds - Special Revenue Funds
Combining Balance Sheet
September 30, 2005

AS/400 Fund Number	312	299	277	229	404	239	306	237	406
	Farmers Small Loan Revolving	Financial Management Revolving	Firefighter Equipment Replacement	General Services Agency	GSA Inventory Revolving	Government Claims	Government Claims	Government House Revolving	Group Life Insurance
ASSETS									
Cash and cash equivalents	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,531	$ 92,606
Investments	-	-	-	-	-	-	-	-	-
Receivables, net:									
Taxes	-	-	-	-	-	-	-	-	-
Federal agencies	-	-	-	-	-	-	-	-	-
Other	9,873	19,660	-	-	-	-	-	-	-
Due from other funds	7,008	234,876	-	926	3,899,646	124,655	4	10,365	373,393
Due from private purpose trust funds	-	-	-	-	-	-	-	-	-
Inventories	-	-	-	-	464,366	-	-	-	-
Deposits and other assets	-	-	-	-	-	-	-	-	-
Total assets	$ 16,881	$ 254,536	$ -	$ 926	$ 4,364,012	$ 124,655	$ 4	$ 11,896	$ 465,999
LIABILITIES AND FUND BALANCES (DEFICIT)									
Liabilities:									
Accounts payable	$ 220	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Accrued payroll and other	-	-	-	-	-	-	-	-	-
Due to component units	-	-	-	-	-	-	-	-	-
Due to other funds	-	-	27,539	-	-	-	-	-	-
Payable to federal agencies	-	-	-	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-	-	-	-
Provision for tax refunds	-	-	-	-	-	-	-	-	-
Deposits and other liabilities	-	-	-	-	-	-	-	-	464,999
Total liabilities	220	-	27,539	-	-	-	-	-	464,999
Fund balances (deficit):									
Reserved for:									
Related assets	9,873	-	-	-	464,366	-	-	-	-
Encumbrances	-	713	6,561	-	-	-	-	-	-
Continuing appropriations	-	133,020	8,282	863	-	-	-	11,783	-
Unreserved (deficit)	6,788	120,803	(42,382)	63	3,899,646	124,655	4	113	1,000
Total fund balances (deficit)	16,661	254,536	(27,539)	926	4,364,012	124,655	4	11,896	1,000
Total liabilities and fund balances (deficit)	$ 16,881	$ 254,536	$ -	$ 926	$ 4,364,012	$ 124,655	$ 4	$ 11,896	$ 465,999

(continued)

GOVERNMENT OF GUAM

Nonmajor Governmental Funds - Special Revenue Funds

Combining Balance Sheet

September 30, 2005

AS/400 Fund Number	307	248	245	295	234	608	326
	Guam Based Trust	Guam Beautification	GPSS Federal Grants	Guam Environmental Trust	GFD Lease-to-Purchase Program	Guam Housing Corporation Revolving	Guam Plant Inspection and Permit	Guam Preservation Trust
ASSETS								
Cash and cash equivalents	$ 1,979	$ -	$ 514,255	$ -	$ -	$ -	$ -	$ 1,179,764
Investments	-	-	-	-	-	-	-	-
Receivables, net:								
Taxes	-	-	-	-	-	-	-	-
Federal agencies	-	-	4,263,657	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Due from other funds	-	50,729	3,063,559	421,392	600,000	88,777	79,988	180,018
Due from private purpose trust funds	-	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-	-
Deposits and other assets	-	-	103,716	-	-	-	-	100,706
Total assets	$ 1,979	$ 50,729	$ 7,945,187	$ 421,392	$ 600,000	$ 88,777	$ 79,988	$ 1,460,488
LIABILITIES AND FUND BALANCES (DEFICIT)								
Liabilities:								
Accounts payable	$ -	$ -	$ 433,427	$ -	$ -	$ -	$ -	$ 13,532
Accrued payroll and other	-	-	2,517,374	6,308	-	-	-	2,102
Due to component units	-	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-	-
Payable to federal agencies	-	-	3,946,101	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-	-	-
Provision for tax refunds	-	-	-	-	-	-	-	-
Deposits and other liabilities	-	-	-	-	-	-	-	-
Total liabilities	-	-	6,896,902	6,308	-	-	-	15,634
Fund balances (deficit):								
Reserved for:								
Related assets	-	-	-	-	-	-	-	-
Encumbrances	-	-	9,694,500	4,910	-	-	7,499	-
Continuing appropriations	-	-	-	387,269	600,000	-	18,968	179,223
Unreserved (deficit)	1,979	50,729	(8,646,215)	22,905	-	88,777	53,521	1,265,631
Total fund balances (deficit)	1,979	50,729	1,048,285	415,084	600,000	88,777	79,988	1,444,854
Total liabilities and fund balances (deficit)	$ 1,979	$ 50,729	$ 7,945,187	$ 421,392	$ 600,000	$ 88,777	$ 79,988	$ 1,460,488

(continued)

GOVERNMENT OF GUAM
Nonmajor Governmental Funds - Special Revenue Funds
Combining Balance Sheet
September 30, 2005

AS/400 Fund Number	270	602	241	311	201	298	301	303	321
	Health and Human Services	Healthy Futures	Health Professional Licensure	Health and Security Trust	Housing Revolving	Human Resources Services Revolving	Income Tax Rebate	Income Tax Refund Reserve	Income Tax Efficiency Payment
ASSETS									
Cash and cash equivalents	$ 1,712,941	$ 210,537	$ -	$ 396,685	$ -	$ -	$ -	$ 8,722,910	$ 1,001,836
Investments	1,160,000	-	-	5,800,000	-	-	-	-	-
Receivables, net:									
Taxes	-	-	-	-	-	-	-	-	-
Federal agencies	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	304,988	-	-	-	-
Due from other funds	-	241,844	140,454	-	805,811	82,187	622,938	-	-
Due from private purpose trust funds	-	-	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-	-	-
Deposits and other assets	-	-	-	-	-	-	-	-	-
Total assets	$ 2,872,941	$ 452,381	$ 140,454	$ 6,196,685	$ 1,110,799	$ 82,187	$ 622,938	$ 8,722,910	$ 1,001,836
LIABILITIES AND FUND BALANCES (DEFICIT)									
Liabilities:									
Accounts payable	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Accrued payroll and other	-	171,464	-	-	-	-	-	-	-
Due to component units	-	-	-	-	-	-	-	-	-
Due to other funds	233,734	-	-	-	-	-	-	3,530,645	1,001,836
Payable to federal agencies	-	-	-	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-	-	-	-
Provision for tax refunds	-	-	-	-	-	-	-	5,192,265	-
Deposits and other liabilities	-	-	-	-	10,386	-	622,938	-	-
Total liabilities	233,734	171,464	-	-	10,386	-	622,938	8,722,910	1,001,836
Fund balances (deficit):									
Reserved for:									
Related assets	-	-	-	-	-	-	-	-	-
Encumbrances	-	248,739	42,258	-	6,146	438	-	-	-
Continuing appropriations	36,200	741,386	91,124	-	-	44,102	-	-	-
Unreserved (deficit)	2,603,007	(709,208)	7,072	6,196,685	1,094,267	37,647	-	-	-
Total fund balances (deficit)	2,639,207	280,917	140,454	6,196,685	1,100,413	82,187	-	-	-
Total liabilities and fund balances (deficit)	$ 2,872,941	$ 452,381	$ 140,454	$ 6,196,685	$ 1,110,799	$ 82,187	$ 622,938	$ 8,722,910	$ 1,001,836

(continued)

GOVERNMENT OF GUAM

Nonmajor Governmental Funds - Special Revenue Funds

Combining Balance Sheet

September 30, 2005

AS/400 Fund Number	216	313	210	222	223	287	232	293
	Individuals w/ Disabilities Disaster Recovery	Inmates Work Release	Land for the Landless	Land Survey Revolving	Legislature Operations	Litter Control Revolving	Livestock	Manpower Development	Medically Indigent Program Payment Revolving
ASSETS									
Cash and cash equivalents	$ -	$ -	$ -	$ -	$ 1,577,885	$ -	$ -	$ 9,760	$ -
Investments	-	-	-	-	-	-	-	-	-
Receivables, net:									
Taxes	-	-	-	-	-	-	-	-	-
Federal agencies	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	5,506	-	-	-	-
Due from other funds	100,000	7,533	80,185	1,066,144	-	9,815	4,351	476,709	14,913,926
Due from private purpose trust funds	-	-	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-	-	-
Deposits and other assets	-	1,869	-	-	-	-	-	-	-
Total assets	$ 100,000	$ 9,402	$ 80,185	$ 1,066,144	$ 1,583,391	$ 9,815	$ 4,351	$ 486,469	$ 14,913,926
LIABILITIES AND FUND BALANCES (DEFICIT)									
Liabilities:									
Accounts payable	$ -	$ 9,402	$ -	$ -	$ 46,364	$ -	$ -	$ -	$ 14,913,926
Accrued payroll and other	-	-	-	28,135	79,817	-	-	-	-
Due to component units	-	-	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-	-	-
Payable to federal agencies	-	-	-	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-	-	61,467	-
Provision for tax refunds	-	-	-	-	-	-	-	-	-
Deposits and other liabilities	-	-	-	-	-	-	-	220,278	-
Total liabilities	-	9,402	-	28,135	126,181	-	-	281,745	14,913,926
Fund balances (deficit):									
Reserved for:									
Related assets	-	-	-	-	-	-	-	-	-
Encumbrances	-	-	-	6,320	-	-	-	-	-
Continuing appropriations	-	-	-	43,944	-	-	3,661	31,100	-
Unreserved (deficit)	100,000	-	80,185	987,745	1,457,210	9,815	690	173,624	-
Total fund balances (deficit)	100,000	-	80,185	1,038,009	1,457,210	9,815	4,351	204,724	-
Total liabilities and fund balances (deficit)	$ 100,000	$ 9,402	$ 80,185	$ 1,066,144	$ 1,583,391	$ 9,815	$ 4,351	$ 486,469	$ 14,913,926

(continued)

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM
Nonmajor Governmental Funds - Special Revenue Funds
Combining Balance Sheet
September 30, 2005

AS/400 Fund Number	294	261	316	278	329	212/225	211	504	263
	Mental Health and Substance Abuse	Notary Public Revolving	Off-Island Sports	Off-Island Sports Travel	Off-Island Treatment	Parks and Recreation Revolving	Plant Nursery Revolving	Plant Protection and Quarantine Revolving	Police Services
ASSETS									
Cash and cash equivalents	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Investments	-	-	-	-	-	-	-	-	-
Receivables, net:									
Taxes	-	-	-	-	-	-	-	-	-
Federal agencies	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Due from other funds	362,278	22,986	620	20,560	154,011	70,628	2,836	-	250,044
Due from private purpose trust funds	-	-	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-	-	-
Deposits and other assets	-	-	-	-	-	-	-	-	-
Total assets	$ 362,278	$ 22,986	$ 620	$ 20,560	$ 154,011	$ 70,628	$ 2,836	$ -	$ 250,044
LIABILITIES AND FUND BALANCES (DEFICIT)									
Liabilities:									
Accounts payable	$ -	$ -	$ -	$ -	$ 139,449	$ -	$ -	$ -	$ -
Accrued payroll and other	-	-	-	-	-	-	-	-	-
Due to component units	-	-	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-	-	-
Payable to federal agencies	-	-	-	-	-	-	-	5,443	-
Deferred revenue	-	-	-	-	-	-	-	-	-
Provision for tax refunds	-	-	-	-	-	-	-	-	-
Deposits and other liabilities	-	-	-	-	13,212	-	-	-	-
Total liabilities	-	-	-	-	152,661	-	-	5,443	-
Fund balances (deficit):									
Reserved for:									
Related assets	-	-	-	-	-	-	-	-	-
Encumbrances	41,801	-	-	-	-	-	155	4,434	94,831
Continuing appropriations	140,441	-	-	-	-	6,408	2,054	9,778	-
Unreserved (deficit)	180,036	22,986	620	20,560	1,350	64,220	627	(19,655)	155,213
Total fund balances (deficit)	362,278	22,986	620	20,560	1,350	70,628	2,836	(5,443)	250,044
Total liabilities and fund balances (deficit)	362,278	$ 22,986	$ 620	$ 20,560	$ 154,011	$ 70,628	$ 2,836	$ -	$ 250,044

(continued)

GOVERNMENT OF GUAM
Nonmajor Governmental Funds - Special Revenue Funds
Combining Balance Sheet
September 30, 2005

AS/400 Fund Number	221	215	238			604	620	269	317
	Printing Revolving	Professional Engineers', Architects' and Surveyors'	Program Development	Public Auditor	Public Defender Service Corporation	Public Library System	Public Recreation Services	Public Service Recovery	Public Transit
ASSETS									
Cash and cash equivalents	$ -	$ -	$ 79,748	$ 266,795	$ 541,841	$ -	$ -	$ -	$ -
Investments	-	-	-	-	-	-	-	-	-
Receivables, net:									
Taxes	-	-	-	-	-	-	-	-	-
Federal agencies	-	-	-	-	-	-	-	-	-
Other	-	-	-	34,909	-	-	-	-	54,152
Due from other funds	11,682	-	-	-	-	502,792	75,826	-	818,540
Due from private purpose trust funds	-	-	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-	-	77,559
Deposits and other assets	-	-	-	-	-	-	-	-	-
Total assets	$ 11,682	$ -	$ 79,748	$ 301,704	$ 541,841	$ 502,792	$ 75,826	$ -	$ 950,251
LIABILITIES AND FUND BALANCES (DEFICIT)									
Liabilities:									
Accounts payable	$ -	$ -	$ -	$ 1,650	$ 9,841	$ -	$ -	$ -	$ -
Accrued payroll and other	-	3,350	-	65,545	110,501	-	-	-	366,559
Due to component units	-	-	-	-	-	-	-	-	-
Due to other funds	-	12,291	84,068	-	-	-	-	382	-
Payable to federal agencies	-	-	-	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-	-	-	-
Provision for tax refunds	-	-	-	-	-	-	-	-	-
Deposits and other liabilities	-	-	-	-	10,596	-	-	-	-
Total liabilities	-	15,641	84,068	67,195	130,938	-	-	382	366,559
Fund balances (deficit):									
Reserved for:									
Related assets	-	-	-	-	-	-	-	-	77,559
Encumbrances	-	3,544	-	-	5,586	-	47,655	-	-
Continuing appropriations	-	-	-	-	97,489	496,877	-	-	-
Unreserved (deficit)	11,682	(19,185)	(4,320)	234,509	307,828	5,915	28,171	(382)	506,133
Total fund balances (deficit)	11,682	(15,641)	(4,320)	234,509	410,903	502,792	75,826	(382)	583,692
Total liabilities and fund balances (deficit)	$ 11,682	$ -	$ 79,748	$ 301,704	$ 541,841	$ 502,792	$ 75,826	$ -	$ 950,251

(continued)

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM
Nonmajor Governmental Funds - Special Revenue Funds
Combining Balance Sheet
September 30, 2005

AS/400 Fund Number	285	601	217	284	275	605	314	202	103
	Rabies Prevention	Safe Homes, Safe Streets	Safe Streets	Solid Waste Management Plan	SW Medical Monitoring	Special Assets Forfeiture	State Agency for Surplus Property	Street Light	StripperWell Overcharge
ASSETS									
Cash and cash equivalents	$ -	$ -	$ -	$ -	$ 125,001	$ 72,110	$ 324,420	$ -	$ 517,056
Investments	-	-	-	-	-	-	-	-	-
Receivables, net:									
Taxes	-	-	-	-	-	-	-	-	-
Federal agencies	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	18,975	-	44,983
Due from other funds	138,951	545,476	286,639	68,516	-	771,310	-	171,067	19,450
Due from private purpose trust funds	-	-	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	74,888	-	-
Deposits and other assets	-	-	-	-	-	-	-	-	-
Total assets	$ 138,951	$ 545,476	$ 286,639	$ 68,516	$ 125,001	$ 843,420	$ 418,283	$ 171,067	$ 581,489
LIABILITIES AND FUND BALANCES (DEFICIT)									
Liabilities:									
Accounts payable	$ -	$ 25	$ -	$ -	$ -	$ -	$ -	$ 171,067	$ -
Accrued payroll and other	-	-	-	-	-	-	17,243	-	-
Due to component units	-	-	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	166,127	-	-
Payable to federal agencies	-	-	-	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-	-	-	-
Provision for tax refunds	-	-	-	-	-	-	-	-	-
Deposits and other liabilities	-	-	-	-	-	-	-	-	-
Total liabilities	-	25	-	-	-	-	183,370	171,067	-
Fund balances (deficit):									
Reserved for:									
Related assets	-	-	-	-	-	-	74,888	-	-
Encumbrances	437	116,140	-	32	-	2,271	23,356	646,273	-
Continuing appropriations	107,362	760,045	117,041	51,027	-	237,723	91,334	452,440	-
Unreserved (deficit)	31,152	(330,734)	169,598	17,457	125,001	603,426	45,335	(1,098,713)	581,489
Total fund balances (deficit)	138,951	545,451	286,639	68,516	125,001	843,420	234,913	-	581,489
Total liabilities and fund balances (deficit)	$ 138,951	$ 545,476	$ 286,639	$ 68,516	$ 125,001	$ 843,420	$ 418,283	$ 171,067	$ 581,489

(continued)

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM
Nonmajor Governmental Funds - Special Revenue Funds
Combining Balance Sheet
September 30, 2005

AS/400 Fund Number		607	327	603	205	208	206	501
	Superior Court Operations	Supreme Court of Guam	Supplemental Annuity Benefits	Taguag Memorial Cemetery	Tax Collection	Territorial Educational Facilities	Territorial Highway	Tourist Attraction	Typhoon Chataan & Halong
ASSETS									
Cash and cash equivalents	$ 2,164,975	$ 396,349	$ -	$ -	$ -	$ 749,221	$ 3,345	$ -	$ -
Investments	-	-	-	-	-	-	-	-	-
Receivables, net:									
Taxes	-	-	-	-	-	1,161,737	1,057,710	1,468,810	-
Federal agencies	427,389	-	-	-	-	-	-	-	-
Other	202,365	-	-	-	-	-	-	-	-
Due from other funds	1,946,110	-	605,555	48,886	655,760	-	9,901,389	-	-
Due from private purpose trust funds	42,890	-	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-	-	-
Deposits and other assets	65,964	7,911	-	-	-	-	-	-	-
Total assets	$ 4,849,693	$ 404,260	$ 605,555	$ 48,886	$ 655,760	$ 1,910,958	$ 10,962,444	$ 1,468,810	$ -
LIABILITIES AND FUND BALANCES (DEFICIT)									
Liabilities:									
Accounts payable	$ 228,758	$ 3,765	$ -	$ -	$ -	$ -	$ 227,844	$ -	$ 1,489
Accrued payroll and other	932,229	68,109	-	-	17,259	-	-	-	-
Due to component units	-	-	-	-	-	-	10,447,168	-	-
Due to other funds	-	78,582	-	-	-	361,347	-	3,875,782	-
Payable to federal agencies	-	-	-	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	697,276	-	-	-
Provision for tax refunds	-	-	-	-	-	-	4,800,106	-	-
Deposits and other liabilities	-	154,052	-	-	-	-	-	-	-
Total liabilities	1,160,987	304,508	-	-	17,259	1,058,623	15,475,118	3,875,782	1,489
Fund balances (deficit):									
Reserved for:									
Related assets	-	-	-	-	-	-	9,901,389	-	-
Encumbrances	626,021	28,185	-	-	198,883	-	782,391	23,327	-
Continuing appropriations	-	-	-	-	405,210	-	554,203	30,403	-
Unreserved (deficit)	3,062,685	71,567	605,555	48,886	34,408	852,335	(15,750,657)	(2,460,702)	(1,489)
Total fund balances (deficit)	3,688,706	99,752	605,555	48,886	638,501	852,335	(4,512,674)	(2,406,972)	(1,489)
Total liabilities and fund balances (deficit)	$ 4,849,693	$ 404,260	$ 605,555	$ 48,886	$ 655,760	$ 1,910,958	$ 10,962,444	$ 1,468,810	$ -

(continued)

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM
Nonmajor Governmental Funds - Special Revenue Funds
Combining Balance Sheet
September 30, 2005

AS/400 Fund Number	297	247	283	300	203	310	276	
	University of Guam Capital Improvements	Village Streets	Water Protection	Water Research and Development	Wildlife Conservation	Workman's Compensation	Youth Tobacco Education and Prevention	Total
ASSETS								
Cash and cash equivalents	$ -	$ 11,978	$ -	$ -	$ -	$ -	$ 310,348	$ 21,629,617
Investments	-	-	-	-	-	-	1,160,000	8,120,000
Receivables, net:								
Taxes	-	-	-	-	-	-	-	3,688,257
Federal agencies	-	-	-	-	-	-	-	4,691,046
Other	-	-	-	-	-	-	-	3,003,928
Due from other funds	-	115,268	150,752	152,873	221,809	277,111	-	54,715,830
Due from private purpose trust funds	-	-	-	-	-	-	-	42,890
Inventories	-	-	-	-	-	-	-	616,813
Deposits and other assets	-	-	-	-	-	-	-	365,740
Total assets	$ -	$ 127,246	$ 150,752	$ 152,873	$ 221,809	$ 277,111	$ 1,470,348	$ 96,874,121
LIABILITIES AND FUND BALANCES (DEFICIT)								
Liabilities:								
Accounts payable	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 16,200,928
Accrued payroll and other	-	-	-	-	-	-	-	4,751,398
Due to component units	-	-	-	-	-	-	-	10,447,168
Due to other funds	-	-	-	-	-	-	293,336	11,693,902
Payable to federal agencies	-	-	-	-	-	-	-	3,946,101
Deferred revenue	-	-	-	-	-	-	-	758,743
Provision for tax refunds	-	-	-	-	-	-	-	9,992,371
Deposits and other liabilities	-	-	-	-	-	-	-	2,014,236
Total liabilities	-	-	-	-	-	-	293,336	59,804,847
Fund balances (deficit):								
Reserved for:								
Related assets	-	-	-	-	-	-	-	10,618,686
Encumbrances	-	39,780	-	-	16,230	-	-	13,550,595
Continuing appropriations	-	233,263	30,771	3,311	104,758	-	-	9,638,654
Unreserved (deficit)	-	(145,797)	119,981	149,562	100,821	277,111	1,177,012	3,261,339
Total fund balances (deficit)	-	127,246	150,752	152,873	221,809	277,111	1,177,012	37,069,274
Total liabilities and fund balances (deficit)	$ -	$ 127,246	$ 150,752	$ 152,873	$ 221,809	$ 277,111	$ 1,470,348	$ 96,874,121

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Nonmajor Governmental Funds - Special Revenue Funds

Combining Statement of Revenues, Expenditures by Function, and Changes in Fund Balances (Deficits)

Year Ended September 30, 2005

	1999 SPG Revolving	Accessible Parking	Agana Fractional Lots Program	Air Pollution Control	Autonomous Agency Infrastructure Collections	Banking and Insurance Enforcement	Board of Accountancy	CAHA, OET and CEF	Carrier Off-duty Services Revolving
Revenues:									
Taxes:									
Property	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Hotel	-	-	-	-	-	-	-	-	-
Liquid fuel	-	-	-	-	-	-	-	-	-
Other taxes	-	-	-	-	-	-	-	-	-
Sales, licenses, fees and permits	-	-	-	199,422	-	5,500	534,432	266	335,190
Use of money and property	58	-	-	-	-	-	-	-	-
Federal contributions	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total revenues	58	-	-	199,422	-	5,500	534,432	266	335,190
Expenditures by Function:									
Current:									
General government	-	-	-	-	-	-	285,237	-	-
Protection of life and property	-	-	-	-	-	-	-	-	324,392
Public health	-	-	-	-	-	-	-	-	-
Community services	-	-	-	-	-	-	-	-	-
Recreation	-	-	-	-	-	-	-	-	-
Individual and collective rights	-	-	-	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	-	-	-
Public education	-	-	-	-	-	-	-	-	-
Environmental protection	-	-	-	525,589	-	-	-	-	-
Economic development	-	-	-	-	-	-	-	-	-
Payments to Guam Community College	-	-	-	-	-	-	-	-	-
Payments to Guam Memorial Hospital	-	-	-	-	-	-	-	-	-
Payments to Guam Power Authority	-	-	-	-	-	-	-	-	-
Payments to Guam System of Care Council	-	-	-	-	-	-	-	-	-
Payments to Guam Visitors Bureau	-	-	-	-	-	-	-	-	-
Payments to University of Guam	-	-	-	-	-	-	-	-	-
Total expenditures	-	-	-	525,589	-	-	285,237	-	324,392
Excess (deficiency) of revenues over (under) expenditures	58	-	-	(326,167)	-	5,500	249,195	266	10,798
Other financing sources (uses):									
Transfers in from other funds	-	-	-	-	-	-	-	-	-
Transfers out to other funds	-	-	-	-	-	-	-	-	-
Total other financing sources (uses), net	-	-	-	-	-	-	-	-	-
Net change in fund balances (deficits)	58	-	-	(326,167)	-	5,500	249,195	266	10,798
Fund balances (deficits) at beginning of year	3,491	5,566	217,180	651,649	460	-	957,603	-	60,955
Fund balances (deficits) at end of year	$ 3,549	$ 5,566	$ 217,180	$ 325,482	$ 460	$ 5,500	$ 1,206,798	$ 266	$ 71,753

(continued)

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM
Nonmajor Governmental Funds - Special Revenue Funds
Combining Statement of Revenues, Expenditures by Function, and Changes in Fund Balances (Deficits)
Year Ended September 30, 2005

	Chamorro Commercial Loan	Chamorro Language Commission	Community Health Centers	Consumer Protection	Contractors' License Board	Controlled Substance Diversion	Criminal Injuries	Customs, Agriculture and Quarantine Inspection Services	Dededo Buffer Strip Revolving
Revenues:									
Taxes:									
Property	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Hotel	-	-	-	-	-	-	-	-	-
Liquid fuel	-	-	-	-	-	-	-	-	-
Other taxes	-	-	-	-	-	-	-	-	-
Sales, licenses, fees and permits	738,708	-	1,831,529	-	326,264	20,760	121,952	7,172,315	16,151
Use of money and property	-	-	-	-	-	-	-	2,155	-
Federal contributions	-	-	-	-	-	-	-	-	-
Other	-	2,936	-	-	-	-	-	-	-
Total revenues	738,708	2,936	1,831,529	-	326,264	20,760	121,952	7,174,470	16,151
Expenditures by Function:									
Current:									
General government	-	-	-	-	233,287	-	-	22	-
Protection of life and property	-	-	-	-	-	-	-	8,356,856	-
Public health	-	-	1,033,320	-	-	1,800	-	-	-
Community services	-	-	-	-	-	-	-	-	-
Recreation	-	-	-	-	-	-	-	-	-
Individual and collective rights	459,708	2,936	-	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	-	-	-
Public education	-	-	-	-	-	-	-	-	-
Environmental protection	-	-	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-	-	-
Payments to Guam Community College	-	-	-	-	-	-	-	-	-
Payments to Guam Memorial Hospital	-	-	-	-	-	-	-	-	-
Payments to Guam Power Authority	-	-	-	-	-	-	-	-	-
Payments to Guam System of Care Council	-	-	-	-	-	-	-	-	-
Payments to Guam Visitors Bureau	-	-	-	-	-	-	-	-	-
Payments to University of Guam	-	-	-	-	-	-	-	-	-
Total expenditures	459,708	2,936	1,033,320	-	233,287	1,800	-	8,356,878	-
Excess (deficiency) of revenues over (under) expenditures	279,000	-	798,209	-	92,977	18,960	121,952	(1,182,408)	16,151
Other financing sources (uses):									
Transfers in from other funds	-	-	-	-	-	-	-	753,876	-
Transfers out to other funds	-	-	-	-	-	-	-	-	-
Total other financing sources (uses), net	-	-	-	-	-	-	-	753,876	-
Net change in fund balances (deficits)	279,000	-	798,209	-	92,977	18,960	121,952	(428,532)	16,151
Fund balances (deficits) at beginning of year	(434,823)	-	(269,692)	135	142,843	95,879	50,055	428,532	138,766
Fund balances (deficits) at end of year	$ (155,823)	$ -	$ 528,517	$ 135	$ 235,820	$ 114,839	$ 172,007	$ -	$ 154,917

(continued)

See Accompanying Independent Auditors' Report.

Nonmajor Governmental Funds - Special Revenue Funds

Combining Statement of Revenues, Expenditures by Function, and Changes in Fund Balances (Deficits)

Year Ended September 30, 2005

	DOC Inmates Revolving	D.O.D. Contract	DPW Building and Design	Drivers' Education	Enhanced 911 Emergency Reporting System	Environmental Health	Exxon Fuel Overcharge	Farmers' and Fishermen's Loan Revolving
Revenues:								
Taxes:	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Property	-	-	-	-	-	-	-	-
Hotel	-	-	-	-	-	-	-	-
Liquid fuel	-	-	-	-	-	-	-	-
Other taxes	-	-	-	-	-	-	-	-
Sales, licenses, fees and permits	1,649,214	-	437,085	33,576	930,212	411,619	3,911	500
Use of money and property	-	-	-	-	-	-	-	-
Federal contributions	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total revenues	1,649,214	-	437,085	33,576	930,212	411,619	3,911	500
Expenditures by Function:								
Current:								
General government	-	-	-	-	-	-	801	-
Protection of life and property	1,729,822	-	-	-	704,001	-	-	-
Public health	-	-	-	-	-	538,807	-	-
Community services	-	-	-	-	-	-	-	-
Recreation	-	-	-	-	-	-	-	-
Individual and collective rights	-	-	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	-	-
Public education	-	-	-	-	-	-	-	-
Environmental protection	-	-	-	-	-	-	183,667	-
Economic development	-	-	-	-	-	-	-	-
Payments to Guam Community College	-	-	-	-	-	-	-	-
Payments to Guam Memorial Hospital	-	-	-	-	-	-	-	-
Payments to Guam Power Authority	-	-	-	-	-	-	-	-
Payments to Guam System of Care Council	-	-	-	-	-	-	-	-
Payments to Guam Visitors Bureau	-	-	-	-	-	-	-	-
Payments to University of Guam	-	-	-	-	-	-	-	-
Total expenditures	1,729,822	-	-	-	704,001	538,807	184,468	-
Excess (deficiency) of revenues over (under) expenditures	(80,608)	-	437,085	33,576	226,211	(127,188)	(180,557)	500
Other financing sources (uses):								
Transfers in from other funds	-	-	-	-	-	-	-	-
Transfers out to other funds	-	-	-	-	-	-	-	-
Total other financing sources (uses), net	-	-	-	-	-	-	-	-
Net change in fund balances (deficits)	(80,608)	-	437,085	33,576	226,211	(127,188)	(180,557)	500
Fund balances (deficits) at beginning of year	635,952	7	1,149,336	259,942	1,616,157	943,340	863,917	125,931
Fund balances (deficits) at end of year	$ 555,344	$ 7	$ 1,586,421	$ 293,518	$ 1,842,368	$ 816,152	$ 683,360	$ 126,431

(continued)

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM
Nonmajor Governmental Funds - Special Revenue Funds
Combining Statement of Revenues, Expenditures by Function, and Changes in Fund Balances (Deficits)
Year Ended September 30, 2005

	Farmers Small Loan Revolving	Financial Management Revolving	Firefighter Equipment Replacement	General Services Agency	GSA Inventory Revolving	Government Claims	Government Claims	Government House Revolving	Group Life Insurance
Revenues:									
Taxes:									
Property	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Hotel	-	-	-	-	-	-	-	-	-
Liquid fuel	-	-	-	-	-	-	-	-	-
Other taxes	-	-	-	-	-	-	-	-	-
Sales, licenses, fees and permits	-	260,985	-	63	541,449	-	4	113	-
Use of money and property	-	-	-	-	-	-	-	-	864
Federal contributions	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total revenues	-	260,985	-	63	541,449	-	4	113	864
Expenditures by Function:									
Current:									
General government	-	138,554	-	3,714	-	4	-	99	-
Protection of life and property	-	-	285,157	-	-	-	-	-	-
Public health	-	-	-	-	-	-	-	-	-
Community services	-	-	-	-	-	-	-	-	-
Recreation	-	-	-	-	-	-	-	-	-
Individual and collective rights	-	-	-	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	-	-	-
Public education	-	-	-	-	-	-	-	-	-
Environmental protection	-	-	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-	-	-
Payments to Guam Community College	-	-	-	-	-	-	-	-	-
Payments to Guam Memorial Hospital	-	-	-	-	-	-	-	-	-
Payments to Guam Power Authority	-	-	-	-	-	-	-	-	-
Payments to Guam System of Care Council	-	-	-	-	-	-	-	-	-
Payments to Guam Visitors Bureau	-	-	-	-	-	-	-	-	-
Payments to University of Guam	-	-	-	-	-	-	-	-	-
Total expenditures	-	138,554	285,157	3,714	-	4	-	99	-
Excess (deficiency) of revenues over (under) expenditures	-	122,431	(285,157)	(3,651)	541,449	(4)	4	14	864
Other financing sources (uses):									
Transfers in from other funds	-	-	-	-	-	-	-	-	-
Transfers out to other funds	-	-	-	-	-	-	-	-	-
Total other financing sources (uses), net	-	-	-	-	-	-	-	-	-
Net change in fund balances (deficits)	-	122,431	(285,157)	(3,651)	541,449	(4)	4	14	864
Fund balances (deficits) at beginning of year	16,661	132,105	257,618	4,577	3,822,563	124,659	-	11,882	136
Fund balances (deficits) at end of year	$ 16,661	$ 254,536	$ (27,539)	$ 926	$ 4,364,012	$ 124,655	$ 4	$ 11,896	$ 1,000

(continued)

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM
Nonmajor Governmental Funds - Special Revenue Funds
Combining Statement of Revenues, Expenditures by Function, and Changes in Fund Balances (Deficits)
Year Ended September 30, 2005

	Guam Based Trust	Guam Beautification	GPSS Federal Grants	Guam Environmental Trust	GFD Lease-to-Purchase Program	Guam Housing Corporation Revolving	Guam Plant Inspection and Permit	Guam Preservation Trust
Revenues:								
Taxes:								
Property	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Hotel	-	-	-	-	-	-	-	-
Liquid fuel	-	-	-	-	-	-	-	-
Other taxes	-	-	-	-	-	-	-	-
Sales, licenses, fees and permits	-	-	-	295,270	-	-	44,221	683,017
Use of money and property	84	-	-	-	-	-	-	3
Federal contributions	-	-	43,107,665	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total revenues	84	-	43,107,665	295,270	-	-	44,221	683,020
Expenditures by Function:								
Current:								
General government	-	-	-	-	-	-	-	57
Protection of life and property	-	-	-	-	-	-	-	-
Public health	-	-	-	-	-	-	-	-
Community services	-	-	-	-	-	-	-	-
Recreation	-	-	-	-	-	-	-	2,198,124
Individual and collective rights	-	-	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	-	-
Public education	-	-	46,051,218	-	-	-	-	-
Environmental protection	-	-	-	457,490	-	-	-	-
Economic development	-	-	-	-	-	-	13,533	-
Payments to Guam Community College	-	-	-	-	-	-	-	-
Payments to Guam Memorial Hospital	-	-	-	-	-	-	-	-
Payments to Guam Power Authority	-	-	-	-	-	-	-	-
Payments to Guam System of Care Council	-	-	-	-	-	-	-	-
Payments to Guam Visitors Bureau	-	-	-	-	-	-	-	-
Payments to University of Guam	-	-	-	-	-	-	-	-
Total expenditures	-	-	46,051,218	457,490	-	-	13,533	2,198,181
Excess (deficiency) of revenues over (under) expenditures	84	-	(2,943,553)	(162,220)	-	-	30,688	(1,515,161)
Other financing sources (uses):								
Transfers in from other funds	-	-	3,611,659	-	-	-	-	-
Transfers out to other funds	-	-	-	-	-	-	-	-
Total other financing sources (uses), net	-	-	3,611,659	-	-	-	-	-
Net change in fund balances (deficits)	84	-	668,106	(162,220)	-	-	30,688	(1,515,161)
Fund balances (deficits) at beginning of year	1,895	50,729	380,179	577,304	600,000	88,777	49,300	2,960,015
Fund balances (deficits) at end of year	$ 1,979	$ 50,729	$ 1,048,285	$ 415,084	$ 600,000	$ 88,777	$ 79,988	$ 1,444,854

(continued)

GOVERNMENT OF GUAM
Nonmajor Governmental Funds - Special Revenue Funds
Combining Statement of Revenues, Expenditures by Function, and Changes in Fund Balances (Deficits)
Year Ended September 30, 2005

	Health and Human Services	Healthy Futures	Health Professional Licensure	Health and Security Trust	Housing Revolving	Human Resources Services Revolving	Income Tax Rebate	Income Tax Refund Reserve	Income Tax Efficiency Payment
Revenues:									
Taxes:									
Property	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Hotel	-	-	-	-	-	-	-	-	-
Liquid fuel	-	-	-	-	-	-	-	-	-
Other taxes	-	9,132,878	-	-	-	-	-	-	-
Sales, licenses, fees and permits	25,796	-	104,332	-	65,893	87,598	-	-	-
Use of money and property	49,635	-	-	127,908	-	-	-	-	-
Federal contributions	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total revenues	75,431	9,132,878	104,332	127,908	65,893	87,598	-	-	-
Expenditures by Function:									
Current:									
General government	-	-	-	-	8,947	23,944	-	-	-
Protection of life and property	-	-	-	-	-	-	-	-	-
Public health	-	5,305,722	16,359	-	-	-	-	-	-
Community services	-	-	-	-	-	-	-	-	-
Recreation	-	-	-	-	-	-	-	-	-
Individual and collective rights	-	-	-	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	-	-	-
Public education	-	-	-	-	-	-	-	-	-
Environmental protection	-	-	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-	-	-
Payments to Guam Community College	-	-	-	-	-	-	-	-	-
Payments to Guam Memorial Hospital	-	4,791,666	-	-	-	-	-	-	-
Payments to Guam Power Authority	-	-	-	-	-	-	-	-	-
Payments to Guam System of Care Council	38,800	-	-	-	-	-	-	-	-
Payments to Guam Visitors Bureau	-	-	-	-	-	-	-	-	-
Payments to University of Guam	-	-	-	-	-	-	-	-	-
Total expenditures	38,800	10,097,388	16,359	-	8,947	23,944	-	-	-
Excess (deficiency) of revenues over (under) expenditures	36,631	(964,510)	87,973	127,908	56,946	63,654	-	-	-
Other financing sources (uses):									
Transfers in from other funds	-	-	-	-	-	-	-	-	-
Transfers out to other funds	-	(1,069,154)	-	-	-	-	-	-	-
Total other financing sources (uses), net	-	(1,069,154)	-	-	-	-	-	-	-
Net change in fund balances (deficits)	36,631	(2,033,664)	87,973	127,908	56,946	63,654	-	-	-
Fund balances (deficits) at beginning of year	2,602,576	2,314,581	52,481	6,068,777	1,043,467	18,533	-	-	-
Fund balances (deficits) at end of year	$ 2,639,207	$ 280,917	$ 140,454	$ 6,196,685	$ 1,100,413	$ 82,187	$ -	$ -	$ -

(continued)

GOVERNMENT OF GUAM

Nonmajor Governmental Funds - Special Revenue Funds

Combining Statement of Revenues, Expenditures by Function, and Changes in Fund Balances (Deficits)

Year Ended September 30, 2005

	Individuals w/ Disabilities Disaster Recovery	Inmates Work Release	Land for the Landless	Land Survey Revolving	Legislature Operations	Litter Control Revolving	Livestock	Manpower Development	Medically Indigent Program Payment Revolving
Revenues:									
Taxes:									
Property	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Hotel	-	-	-	-	-	-	-	-	-
Liquid fuel	-	-	-	-	-	-	-	-	-
Other taxes	-	-	-	-	-	-	-	-	-
Sales, licenses, fees and permits	-	-	9,829	853,133	-	6,535	-	79,513	-
Use of money and property	-	-	-	-	-	-	-	-	-
Federal contributions	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	72,380	-	-	-	-
Total revenues	-	-	9,829	853,133	72,380	6,535	-	79,513	-
Expenditures by Function:									
Current:									
General government	-	-	-	756,687	7,506,286	-	-	-	-
Protection of life and property	-	-	-	-	-	-	-	-	-
Public health	-	-	-	-	-	-	-	-	-
Community services	-	-	-	-	-	-	-	-	13,121,430
Recreation	-	-	-	-	-	-	-	-	-
Individual and collective rights	-	-	-	-	-	-	-	690	-
Transportation	-	-	-	-	-	-	-	-	-
Public education	-	-	-	-	-	-	-	-	-
Environmental protection	-	-	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-	-	-
Payments to Guam Community College	-	-	-	-	-	-	-	35,653	-
Payments to Guam Memorial Hospital	-	-	-	-	-	-	-	-	-
Payments to Guam Power Authority	-	-	-	-	-	-	-	-	-
Payments to Guam System of Care Council	-	-	-	-	-	-	-	-	-
Payments to Guam Visitors Bureau	-	-	-	-	-	-	-	-	-
Payments to University of Guam	-	-	-	-	-	-	-	-	-
Total expenditures	-	-	-	756,687	7,506,286	-	-	36,343	13,121,430
Excess (deficiency) of revenues over (under) expenditures	-	-	9,829	96,446	(7,433,906)	6,535	-	43,170	(13,121,430)
Other financing sources (uses):									
Transfers in from other funds	-	-	-	-	7,265,584	-	-	-	13,121,430
Transfers out to other funds	-	-	-	(65,058)	-	-	-	-	-
Total other financing sources (uses), net	-	-	-	(65,058)	7,265,584	-	-	-	13,121,430
Net change in fund balances (deficits)	-	-	9,829	31,388	(168,322)	6,535	-	43,170	-
Fund balances (deficits) at beginning of year	100,000	-	70,356	1,006,621	1,625,532	3,280	4,351	161,554	-
Fund balances (deficits) at end of year	$ 100,000	$ -	$ 80,185	$ 1,038,009	$ 1,457,210	$ 9,815	$ 4,351	$ 204,724	$ -

(continued)

GOVERNMENT OF GUAM
Nonmajor Governmental Funds - Special Revenue Funds
Combining Statement of Revenues, Expenditures by Function, and Changes in Fund Balances (Deficits)
Year Ended September 30, 2005

	Mental Health and Substance Abuse	Notary Public Revolving	Off-Island Sports	Off-Island Sports Travel	Off-Island Treatment	Parks and Recreation Revolving	Plant Nursery Revolving	Plant Protection and Quarantine Revolving	Police Services
Revenues:									
Taxes:									
Property	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Hotel	-	-	-	-	-	-	-	-	-
Liquid fuel	-	-	-	-	-	-	-	-	-
Other taxes	-	-	-	-	-	-	-	-	-
Sales, licenses, fees and permits	-	7,775	120	-	-	-	17,781	-	393,452
Use of money and property	-	-	-	-	-	-	-	-	-
Federal contributions	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total revenues	-	7,775	120	-	-	-	17,781	-	393,452
Expenditures by Function:									
Current:									
General government	-	-	-	-	-	-	-	-	-
Protection of life and property	-	-	-	-	-	-	-	2,055	221,172
Public health	-	-	-	-	-	-	-	-	-
Community services	327,493	-	-	-	-	-	-	-	-
Recreation	-	-	-	-	-	10,496	-	-	-
Individual and collective rights	-	-	-	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	-	-	-
Public education	-	-	-	-	-	-	-	-	-
Environmental protection	-	-	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	6,768	-	-
Payments to Guam Community College	-	-	-	-	-	-	-	-	-
Payments to Guam Memorial Hospital	-	-	-	-	-	-	-	-	-
Payments to Guam Power Authority	-	-	-	-	-	-	-	-	-
Payments to Guam System of Care Council	-	-	-	-	-	-	-	-	-
Payments to Guam Visitors Bureau	-	-	-	-	-	-	-	-	-
Payments to University of Guam	-	-	-	-	-	-	-	-	-
Total expenditures	327,493	-	-	-	-	10,496	6,768	2,055	221,172
Excess (deficiency) of revenues over (under) expenditures	(327,493)	7,775	120	-	-	(10,496)	11,013	(2,055)	172,280
Other financing sources (uses):									
Transfers in from other funds	689,771	-	-	-	-	-	-	-	-
Transfers out to other funds	-	-	-	-	-	-	-	-	-
Total other financing sources (uses), net	689,771	-	-	-	-	-	-	-	-
Net change in fund balances (deficits)	362,278	7,775	120	-	-	(10,496)	11,013	(2,055)	172,280
Fund balances (deficits) at beginning of year	-	15,211	500	20,560	1,350	81,124	(8,177)	(3,388)	77,764
Fund balances (deficits) at end of year	$ 362,278	$ 22,986	$ 620	$ 20,560	$ 1,350	$ 70,628	$ 2,836	$ (5,443)	$ 250,044

(continued)

GOVERNMENT OF GUAM

Nonmajor Governmental Funds - Special Revenue Funds

Combining Statement of Revenues, Expenditures by Function, and Changes in Fund Balances (Deficits)

Year Ended September 30, 2005

	Printing Revolving	Professional Engineers', Architects' and Surveyors'	Program Development	Public Auditor	Public Defender Service Corporation	Public Library System	Public Recreation Services	Public Service Recovery	Public Transit
Revenues:									
Taxes:									
Property	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Hotel	-	-	-	-	-	-	-	-	-
Liquid fuel	-	-	-	-	-	-	-	-	-
Other taxes	-	-	-	-	-	-	-	-	-
Sales, licenses, fees and permits	-	99,152	-	-	-	612,139	130,604	-	98,633
Use of money and property	-	-	1,433	1,712	-	-	-	-	-
Federal contributions	-	-	-	57,139	45,753	-	-	-	-
Other	-	-	-	-	495,948	-	-	-	-
Total revenues	-	99,152	1,433	58,851	541,701	612,139	130,604	-	98,633
Expenditures by Function:									
Current:									
General government	-	162,525	-	945,571	-	-	-	12,445	-
Protection of life and property	-	-	-	-	-	-	-	-	-
Public health	-	-	-	-	-	-	-	-	-
Community services	-	-	-	-	-	-	-	-	-
Recreation	-	-	-	-	-	-	54,778	-	-
Individual and collective rights	-	-	-	-	3,204,688	-	-	-	-
Transportation	-	-	-	-	-	-	-	-	-
Public education	-	-	-	-	-	-	-	-	-
Environmental protection	-	-	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-	-	-
Payments to Guam Community College	-	-	-	-	-	-	-	-	-
Payments to Guam Memorial Hospital	-	-	-	-	-	-	-	-	-
Payments to Guam Power Authority	-	-	-	-	-	-	-	-	-
Payments to Guam System of Care Council	-	-	-	-	-	-	-	-	-
Payments to Guam Visitors Bureau	-	-	-	-	-	-	-	-	-
Payments to University of Guam	-	-	-	-	-	-	-	-	-
Total expenditures	-	162,525	-	945,571	3,204,688	-	54,778	12,445	-
Excess (deficiency) of revenues over (under) expenditures	-	(63,373)	1,433	(886,720)	(2,662,987)	612,139	75,826	(12,445)	98,633
Other financing sources (uses):									
Transfers in from other funds	-	-	-	845,737	2,535,560	135,360	-	-	-
Transfers out to other funds	-	-	-	-	-	(630,577)	-	-	-
Total other financing sources (uses), net	-	-	-	845,737	2,535,560	(495,217)	-	-	-
Net change in fund balances (deficits)	-	(63,373)	1,433	(40,983)	(127,427)	116,922	75,826	(12,445)	98,633
Fund balances (deficits) at beginning of year	11,682	47,732	(5,753)	275,492	538,330	385,870	-	12,063	485,059
Fund balances (deficits) at end of year	$ 11,682	$ (15,641)	$ (4,320)	$ 234,509	$ 410,903	$ 502,792	$ 75,826	$ (382)	$ 583,692

(continued)

GOVERNMENT OF GUAM
Nonmajor Governmental Funds - Special Revenue Funds
Combining Statement of Revenues, Expenditures by Function, and Changes in Fund Balances (Deficits)
Year Ended September 30, 2005

	Rabies Prevention	Safe Homes, Safe Streets	Safe Streets	Solid Waste Management Plan	SW Medical Monitoring	Special Assets Forfeiture	State Agency for Surplus Property	Street Light	StripperWell Overcharge
Revenues:									
Taxes:									
Property	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Hotel	-	-	-	-	-	-	-	-	-
Liquid fuel	-	-	-	-	-	-	-	-	-
Other taxes	-	1,139,848	-	-	-	-	-	-	-
Sales, licenses, fees and permits	46,475	-	-	25,696	-	207,690	14,088	3,719,852	-
Use of money and property	-	-	-	-	-	1,276	-	-	10,334
Federal contributions	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total revenues	46,475	1,139,848	-	25,696	-	208,966	14,088	3,719,852	10,334
Expenditures by Function:									
Current:									
General government	-	-	-	-	-	-	52,952	-	2,517
Protection of life and property	-	670,298	-	-	-	44,806	-	-	-
Public health	-	-	-	-	-	-	-	-	-
Community services	-	517,920	-	-	-	-	-	-	-
Recreation	-	-	-	-	-	-	-	-	-
Individual and collective rights	-	319,978	17,200	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	-	2,857,627	-
Public education	-	-	-	-	-	-	-	-	-
Environmental protection	-	-	-	15,255	-	-	-	-	-
Economic development	8,314	-	-	-	-	-	-	-	-
Payments to Guam Community College	-	-	-	-	-	-	-	-	-
Payments to Guam Memorial Hospital	-	-	-	-	-	-	-	-	-
Payments to Guam Power Authority	-	-	-	-	-	-	-	1,245,076	-
Payments to Guam System of Care Council	-	-	-	-	-	-	-	-	-
Payments to Guam Visitors Bureau	-	-	-	-	-	-	-	-	-
Payments to University of Guam	-	-	-	-	-	-	-	-	-
Total expenditures	8,314	1,508,196	17,200	15,255	-	44,806	52,952	4,102,703	2,517
Excess (deficiency) of revenues over (under) expenditures	38,161	(368,348)	(17,200)	10,441	-	164,160	(38,864)	(382,851)	7,817
Other financing sources (uses):									
Transfers in from other funds	-	-	-	-	-	-	-	519,911	-
Transfers out to other funds	-	(100,000)	-	-	-	-	-	-	-
Total other financing sources (uses), net	-	(100,000)	-	-	-	-	-	519,911	-
Net change in fund balances (deficits)	38,161	(468,348)	(17,200)	10,441	-	164,160	(38,864)	137,060	7,817
Fund balances (deficits) at beginning of year	100,790	1,013,799	303,839	58,075	125,001	679,260	273,777	(137,060)	573,672
Fund balances (deficits) at end of year	$ 138,951	$ 545,451	$ 286,639	$ 68,516	$ 125,001	$ 843,420	$ 234,913	$ -	$ 581,489

(continued)

See Accompanying Independent Auditors' Report.

Nonmajor Governmental Funds - Special Revenue Funds
Combining Statement of Revenues, Expenditures by Function, and Changes in Fund Balances (Deficits)
Year Ended September 30, 2005

	Superior Court Operations	Supreme Court of Guam	Supplemental Annuity Benefits	Taguag Memorial Cemetery	Tax Collection	Territorial Educational Facilities	Territorial Highway	Tourist Attraction	Typhoon Chataan & Halong
Revenues:									
Taxes:									
Property	$ -	$ -	$ -	$ -	$ -	$ 20,372,758	$ -	$ -	$ -
Hotel	-	-	-	-	-	-	-	18,946,881	-
Liquid fuel	-	-	-	-	-	-	14,299,259	-	-
Other taxes	-	-	-	-	-	-	-	-	-
Sales, licenses, fees and permits	407,671	27,615	-	17,200	640,992	-	4,734,342	-	-
Use of money and property	-	-	-	-	-	-	1,325	-	-
Federal contributions	876,070	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total revenues	1,283,741	27,615	-	17,200	640,992	20,372,758	19,034,926	18,946,881	-
Expenditures by Function:									
Current:									
General government	-	-	12,602,928	-	529,055	37,250	97,669	54,030	-
Protection of life and property	-	-	-	-	-	-	-	-	-
Public health	-	-	-	-	-	-	-	-	-
Community services	-	-	-	-	-	-	-	-	-
Recreation	-	-	-	-	-	-	-	-	-
Individual and collective rights	17,031,355	2,263,148	-	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	6,927,958	-	-
Public education	-	-	-	-	-	-	-	-	-
Environmental protection	-	-	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-	-	-
Payments to Guam Community College	-	-	-	-	-	-	-	-	-
Payments to Guam Memorial Hospital	-	-	-	-	-	-	-	-	-
Payments to Guam Power Authority	-	-	-	-	-	-	-	-	-
Payments to Guam System of Care Council	-	-	-	-	-	-	-	-	-
Payments to Guam Visitors Bureau	-	-	-	-	-	-	-	10,187,022	-
Payments to University of Guam	-	-	-	-	-	-	-	-	-
Total expenditures	17,031,355	2,263,148	12,602,928	-	529,055	37,250	7,025,627	10,241,052	-
Excess (deficiency) of revenues over (under) expenditures	(15,747,614)	(2,235,533)	(12,602,928)	17,200	111,937	20,335,508	12,009,299	8,705,829	-
Other financing sources (uses):									
Transfers in from other funds	19,281,834	1,819,178	12,602,928	-	-	-	-	847,304	-
Transfers out to other funds	(2,942,707)	-	-	-	-	(19,840,457)	(5,002,859)	-	-
Total other financing sources (uses), net	16,339,127	1,819,178	12,602,928	-	-	(19,840,457)	(5,002,859)	847,304	-
Net change in fund balances (deficits)	591,513	(416,355)	-	17,200	111,937	495,051	7,006,440	9,553,133	-
Fund balances (deficits) at beginning of year	3,097,193	516,107	605,555	31,686	526,564	357,284	(11,519,114)	(11,960,105)	(1,489)
Fund balances (deficits) at end of year	$ 3,688,706	$ 99,752	$ 605,555	$ 48,886	$ 638,501	$ 852,335	$ (4,512,674)	$ (2,406,972)	$ (1,489)

(continued)

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Nonmajor Governmental Funds - Special Revenue Funds

Combining Statement of Revenues, Expenditures by Function, and Changes in Fund Balances (Deficits)

Year Ended September 30, 2005

	University of Guam Capital Improvements	Village Streets	Water Protection	Water Research and Development	Wildlife Conservation	Workman's Compensation	Youth Tobacco Education and Prevention	Total
Revenues:								
Taxes:								
Property	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 20,372,758
Hotel	-	-	-	-	-	-	-	18,946,881
Liquid fuel	-	-	-	-	-	-	-	14,299,259
Other taxes	-	-	-	-	-	-	-	10,272,726
Sales, licenses, fees and permits	-	-	68,218	63,825	33,860	463,758	1,634	29,654,518
Use of money and property	-	736	-	-	-	-	34,628	236,562
Federal contributions	-	-	-	-	-	-	-	44,086,627
Other	-	-	-	-	-	-	-	571,264
Total revenues	-	736	68,218	63,825	33,860	463,758	36,262	138,440,595
Expenditures by Function:								
Current:								
General government	-	562	-	-	-	-	-	23,455,143
Protection of life and property	-	-	-	-	-	-	-	12,338,559
Public health	-	-	-	-	-	-	-	6,896,008
Community services	-	-	-	-	-	-	-	13,966,843
Recreation	-	-	-	-	-	-	-	2,263,398
Individual and collective rights	-	465,550	-	-	-	1,186,647	-	24,951,900
Transportation	-	-	-	-	-	-	-	9,785,585
Public education	-	-	-	-	-	-	-	46,051,218
Environmental protection	-	-	67,041	277,364	-	-	-	1,526,406
Economic development	-	-	-	-	17,230	-	-	45,845
Payments to Guam Community College	-	-	-	-	-	-	-	35,653
Payments to Guam Memorial Hospital	-	-	-	-	-	-	-	4,791,666
Payments to Guam Power Authority	-	-	-	-	-	-	-	1,245,076
Payments to Guam System of Care Council	-	-	-	-	-	-	-	38,800
Payments to Guam Visitors Bureau	-	-	-	-	-	-	-	10,187,022
Payments to University of Guam	500,000	-	-	-	-	-	-	500,000
Total expenditures	500,000	466,112	67,041	277,364	17,230	1,186,647	-	158,079,122
Excess (deficiency) of revenues over (under) expenditures	(500,000)	(465,376)	1,177	(213,539)	16,630	(722,889)	36,262	(19,638,527)
Other financing sources (uses):								
Transfers in from other funds	500,000	491,500	-	-	-	1,000,000	-	66,021,632
Transfers out to other funds	-	-	-	-	-	-	(689,771)	(30,340,583)
Total other financing sources (uses), net	500,000	491,500	-	-	-	1,000,000	(689,771)	35,681,049
Net change in fund balances (deficits)	-	26,124	1,177	(213,539)	16,630	277,111	(653,509)	16,042,522
Fund balances (deficits) at beginning of year	-	101,122	149,575	366,412	205,179	-	1,830,521	21,026,752
Fund balances (deficits) at end of year	$ -	$ 127,246	$ 150,752	$ 152,873	$ 221,809	$ 277,111	$ 1,177,012	$ 37,069,274

See Accompanying Independent Auditors' Report.

Nonmajor Governmental Funds - Special Revenue Funds
Combining Statement of Revenues, Expenditures by Object, and Changes in Fund Balances (Deficits)
Year Ended September 30, 2005

	1999 SPG Revolving	Accessible Parking	Agana Fractional Lots Program	Air Pollution Control	Autonomous Agency Infrastructure Collections	Banking and Insurance Enforcement	Board of Accountancy	CAHA, OET and CEF	Carrier Off-duty Services Revolving
Revenues:									
Taxes:	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Property	-	-	-	-	-	-	-	-	-
Hotel	-	-	-	-	-	-	-	-	-
Liquid fuel	-	-	-	-	-	-	-	-	-
Other taxes	-	-	-	199,422	-	5,500	534,432	266	335,190
Sales, licenses, fees and permits	58	-	-	-	-	-	-	-	-
Use of money and property	-	-	-	-	-	-	-	-	-
Federal contributions	-	-	-	-	-	-	-	-	-
Other	58	-	-	199,422	-	5,500	534,432	266	335,190
Total revenues									
Expenditures by Object:	-	-	-	135,200	-	-	-	-	220,777
Salaries and wages - regular	-	-	-	-	-	-	-	-	96,884
Salaries and wages - overtime	-	-	-	33,281	-	-	-	-	6,731
Salaries and wages - fringe benefits	-	-	-	-	-	-	-	-	-
Travel	-	-	-	155,835	-	-	250,680	-	-
Contractual services	-	-	-	-	-	-	25,621	-	-
Building rent	-	-	-	60,351	-	-	4,271	-	-
Supplies	-	-	-	1,316	-	-	-	-	-
Equipment	-	-	-	29,641	-	-	-	-	-
Utilities - power and water	-	-	-	18,998	-	-	3,478	-	-
Communications	-	-	-	90,967	-	-	1,187	-	-
Capital outlays	-	-	-	-	-	-	-	-	-
Grants and subsidies	-	-	-	-	-	-	-	-	-
Supplemental annuity benefits	-	-	-	-	-	-	-	-	-
Medical care	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	525,589	-	-	285,237	-	324,392
Total expenditures									
Excess (deficiency) of revenues over (under) expenditures	58	-	-	(326,167)	-	5,500	249,195	266	10,798
Other financing sources (uses):	-	-	-	-	-	-	-	-	-
Transfers in from other funds	-	-	-	-	-	-	-	-	-
Transfers out to other funds	-	-	-	-	-	-	-	-	-
Total other financing sources (uses), net	58	-	-	(326,167)	-	5,500	249,195	266	10,798
Net change in fund balances (deficits)	3,491	5,566	217,180	651,649	460	-	957,603	-	60,955
Fund balances (deficits) at beginning of year	$ 3,549	$ 5,566	$ 217,180	$ 325,482	$ 460	$ 5,500	$ 1,206,798	$ 266	$ 71,753
Fund balances (deficits) at end of year									(continued)

GOVERNMENT OF GUAM
Nonmajor Governmental Funds - Special Revenue Funds
Combining Statement of Revenues, Expenditures by Object, and Changes in Fund Balances (Deficits)
Year Ended September 30, 2005

	Chamorro Commercial Loan	Chamorro Language Commission	Community Health Centers	Consumer Protection	Contractors' License Board	Controlled Substance Diversion	Criminal Injuries	Customs, Agriculture and Quarantine Inspection Services	Dededo Buffer Strip Revolving
Revenues:									
Taxes:									
Property	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Hotel	-	-	-	-	-	-	-	-	-
Liquid fuel	-	-	-	-	-	-	-	-	-
Other taxes	-	-	-	-	-	-	-	-	-
Sales, licenses, fees and permits	738,708	-	1,831,529	-	326,264	20,760	121,952	7,172,315	16,151
Use of money and property	-	-	-	-	-	-	-	2,155	-
Federal contributions	-	-	-	-	-	-	-	-	-
Other	-	2,936	-	-	-	-	-	-	-
Total revenues	738,708	2,936	1,831,529	-	326,264	20,760	121,952	7,174,470	16,151
Expenditures by Object:									
Salaries and wages - regular	338,497	-	377,276	-	155,645	-	-	4,140,059	-
Salaries and wages - overtime	-	-	17,330	-	-	-	-	519,973	-
Salaries and wages - fringe benefits	101,513	-	102,215	-	45,999	-	-	1,204,853	-
Travel	2,132	-	30,334	-	-	1,800	-	31,827	-
Contractual services	13,302	-	268,857	-	17,372	-	-	264,236	-
Building rent	-	-	-	-	-	-	-	1,807,388	-
Supplies	3,101	-	145,401	-	3,929	-	-	105,174	-
Equipment	-	-	22,838	-	1,814	-	-	18,903	-
Utilities - power and water	1,163	-	-	-	677	-	-	11,097	-
Communications	-	-	43	-	6,845	-	-	110,620	-
Capital outlays	-	-	69,026	-	989	-	-	94,713	-
Grants and subsidies	-	-	-	-	-	-	-	-	-
Supplemental annuity benefits	-	-	-	-	-	-	-	-	-
Medical care	-	-	-	-	-	-	-	-	-
Miscellaneous	-	2,936	-	-	17	-	-	48,035	-
Total expenditures	459,708	2,936	1,033,320	-	233,287	1,800	-	8,356,878	-
Excess (deficiency) of revenues over (under) expenditures	279,000	-	798,209	-	92,977	18,960	121,952	(1,182,408)	16,151
Other financing sources (uses):									
Transfers in from other funds	-	-	-	-	-	-	-	753,876	-
Transfers out to other funds	-	-	-	-	-	-	-	-	-
Total other financing sources (uses), net	-	-	-	-	-	-	-	753,876	-
Net change in fund balances (deficits)	279,000	-	798,209	-	92,977	18,960	121,952	(428,532)	16,151
Fund balances (deficits) at beginning of year	(434,823)	-	(269,692)	135	142,843	95,879	50,055	428,532	138,766
Fund balances (deficits) at end of year	$ (155,823)	$ -	$ 528,517	$ 135	$ 235,820	$ 114,839	$ 172,007	$ -	$ 154,917

(continued)

See Accompanying Independent Auditors' Report.

Nonmajor Governmental Funds - Special Revenue Funds
Combining Statement of Revenues, Expenditures by Object, and Changes in Fund Balances (Deficits)
Year Ended September 30, 2005

	DOC Inmates Revolving	D.O.D. Contract	DPW Building and Design	Drivers' Education	Enhanced 911 Emergency Reporting System	Environmental Health	Exxon Fuel Overcharge	Farmers' and Fishermen's Loan Revolving
Revenues:								
Taxes:								
Property	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Hotel	-	-	-	-	-	-	-	-
Liquid fuel	-	-	-	-	-	-	-	-
Other taxes	-	-	-	-	-	-	-	-
Sales, licenses, fees and permits	1,649,214	-	437,085	33,576	930,212	411,619	-	-
Use of money and property	-	-	-	-	-	-	3,911	500
Federal contributions	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total revenues	1,649,214	-	437,085	33,576	930,212	411,619	3,911	500
Expenditures by Object:								
Salaries and wages - regular	8	-	-	-	316,997	411,866	116,027	-
Salaries and wages - overtime	4,543	-	-	-	17,695	467	-	-
Salaries and wages - fringe benefits	349	-	-	-	92,939	103,974	29,955	-
Travel	-	-	-	-	-	22,500	-	-
Contractual services	1,671,178	-	-	-	73,399	-	13,836	-
Building rent	-	-	-	-	-	-	-	-
Supplies	44,606	-	-	-	10,984	-	2,657	-
Equipment	429	-	-	-	5,812	-	509	-
Utilities - power and water	-	-	-	-	46,071	-	10,419	-
Communications	-	-	-	-	43,799	-	10,264	-
Capital outlays	8,709	-	-	-	91,063	-	-	-
Grants and subsidies	-	-	-	-	-	-	-	-
Supplemental annuity benefits	-	-	-	-	-	-	-	-
Medical care	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	5,242	-	801	-
Total expenditures	1,729,822	-	-	-	704,001	538,807	184,468	-
Excess (deficiency) of revenues over (under) expenditures	(80,608)	-	437,085	33,576	226,211	(127,188)	(180,557)	500
Other financing sources (uses):								
Transfers in from other funds	-	-	-	-	-	-	-	-
Transfers out to other funds	-	-	-	-	-	-	-	-
Total other financing sources (uses), net	-	-	-	-	-	-	-	-
Net change in fund balances (deficits)	(80,608)	-	437,085	33,576	226,211	(127,188)	(180,557)	500
Fund balances (deficits) at beginning of year	635,952	7	1,149,336	259,942	1,616,157	943,340	863,917	125,931
Fund balances (deficits) at end of year	$ 555,344	$ 7	$ 1,586,421	$ 293,518	$ 1,842,368	$ 816,152	$ 683,360	$ 126,431

(continued)

GOVERNMENT OF GUAM
Nonmajor Governmental Funds - Special Revenue Funds
Combining Statement of Revenues, Expenditures by Object, and Changes in Fund Balances (Deficits)
Year Ended September 30, 2005

	Farmers Small Loan Revolving	Financial Management Revolving	Firefighter Equipment Replacement	General Services Agency	GSA Inventory Revolving	Government Claims	Government Claims	Government House Revolving	Group Life Insurance
Revenues:									
Taxes:									
Property	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Hotel	-	-	-	-	-	-	-	-	-
Liquid fuel	-	-	-	-	-	-	-	-	-
Other taxes	-	-	-	-	-	-	-	-	-
Sales, licenses, fees and permits	-	260,985	-	63	541,449	-	4	113	-
Use of money and property	-	-	-	-	-	-	-	-	864
Federal contributions	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total revenues	-	260,985	-	63	541,449	-	4	113	864
Expenditures by Object:									
Salaries and wages - regular	-	1,339	-	-	-	-	-	-	-
Salaries and wages - overtime	-	18,442	-	-	-	-	-	-	-
Salaries and wages - fringe benefits	-	1,978	-	-	-	-	-	-	-
Travel	-	-	-	-	-	-	-	-	-
Contractual services	-	96,870	-	814	-	-	-	-	-
Building rent	-	-	-	-	-	-	-	-	-
Supplies	-	8,925	-	1,400	-	-	-	-	-
Equipment	-	3,856	65,541	-	-	-	-	-	-
Utilities - power and water	-	-	-	-	-	-	-	-	-
Communications	-	-	-	-	-	-	-	-	-
Capital outlays	-	7,144	219,616	1,500	-	-	-	-	-
Grants and subsidies	-	-	-	-	-	-	-	-	-
Supplemental annuity benefits	-	-	-	-	-	-	-	-	-
Medical care	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	4	-	99	-
Total expenditures	-	138,554	285,157	3,714	-	4	-	99	-
Excess (deficiency) of revenues over (under) expenditures	-	122,431	(285,157)	(3,651)	541,449	(4)	4	14	864
Other financing sources (uses):									
Transfers in from other funds	-	-	-	-	-	-	-	-	-
Transfers out to other funds	-	-	-	-	-	-	-	-	-
Total other financing sources (uses), net	-	-	-	-	-	-	-	-	-
Net change in fund balances (deficits)	-	122,431	(285,157)	(3,651)	541,449	(4)	4	14	864
Fund balances (deficits) at beginning of year	16,661	132,105	257,618	4,577	3,822,563	124,659	-	11,882	136
Fund balances (deficits) at end of year	$ 16,661	$ 254,536	$ (27,539)	$ 926	$ 4,364,012	$ 124,655	$ 4	$ 11,896	$ 1,000

(continued)

Nonmajor Governmental Funds - Special Revenue Funds
Combining Statement of Revenues, Expenditures by Object, and Changes in Fund Balances (Deficits)
Year Ended September 30, 2005

	Guam Based Trust	Guam Beautification	GPSS Federal Grants	Guam Environmental Trust	GFD Lease-to-Purchase Program	Guam Housing Corporation Revolving	Guam Plant Inspection and Permit	Guam Preservation Trust
Revenues:								
Taxes:								
Property	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Hotel	-	-	-	-	-	-	-	-
Liquid fuel	-	-	-	-	-	-	-	-
Other taxes	-	-	-	-	-	-	-	-
Sales, licenses, fees and permits	-	-	-	295,270	-	-	44,221	683,017
Use of money and property	84	-	-	-	-	-	-	3
Federal contributions	-	-	43,107,665	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total revenues	84	-	43,107,665	295,270	-	-	44,221	683,020
Expenditures by Object:								
Salaries and wages - regular	-	-	27,609,037	254,961	-	-	-	-
Salaries and wages - overtime	-	-	60,030	-	-	-	-	-
Salaries and wages - fringe benefits	-	-	6,452,505	63,213	-	-	-	-
Travel	-	-	1,027,073	-	-	-	-	-
Contractual services	-	-	4,063,520	120,464	-	-	8,621	-
Building rent	-	-	-	-	-	-	-	-
Supplies	-	-	3,054,719	-	-	-	4,912	-
Equipment	-	-	2,031,117	18,851	-	-	-	-
Utilities - power and water	-	-	-	-	-	-	-	-
Communications	-	-	13,272	-	-	-	-	-
Capital outlays	-	-	1,739,945	-	-	-	-	-
Grants and subsidies	-	-	-	-	-	-	-	-
Supplemental annuity benefits	-	-	-	-	-	-	-	-
Medical care	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	1	-	-	-	2,198,181
Total expenditures	-	-	46,051,218	457,490	-	-	13,533	2,198,181
Excess (deficiency) of revenues over (under) expenditures	84	-	(2,943,553)	(162,220)	-	-	30,688	(1,515,161)
Other financing sources (uses):								
Transfers in from other funds	-	-	3,611,659	-	-	-	-	-
Transfers out to other funds	-	-	-	-	-	-	-	-
Total other financing sources (uses), net	-	-	3,611,659	-	-	-	-	-
Net change in fund balances (deficits)	84	-	668,106	(162,220)	-	-	30,688	(1,515,161)
Fund balances (deficits) at beginning of year	1,895	50,729	380,179	577,304	600,000	88,777	49,300	2,960,015
Fund balances (deficits) at end of year	$ 1,979	$ 50,729	$ 1,048,285	$ 415,084	$ 600,000	$ 88,777	$ 79,988	$ 1,444,854

(continued)

GOVERNMENT OF GUAM
Nonmajor Governmental Funds - Special Revenue Funds
Combining Statement of Revenues, Expenditures by Object, and Changes in Fund Balances (Deficits)
Year Ended September 30, 2005

	Health and Human Services	Healthy Futures	Health Professional Licensure	Health and Security Trust	Housing Revolving	Human Resources Services Revolving	Income Tax Rebate	Income Tax Refund Reserve	Income Tax Efficiency Payment
Revenues:									
Taxes:									
Property	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Hotel	-	-	-	-	-	-	-	-	-
Liquid fuel	-	-	-	-	-	-	-	-	-
Other taxes	-	9,132,878	-	-	-	-	-	-	-
Sales, licenses, fees and permits	25,796	-	104,332	-	65,893	87,598	-	-	-
Use of money and property	49,635	-	-	127,908	-	-	-	-	-
Federal contributions	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total revenues	75,431	9,132,878	104,332	127,908	65,893	87,598	-	-	-
Expenditures by Object:									
Salaries and wages - regular	-	3,519,724	-	-	-	-	-	-	-
Salaries and wages - overtime	-	17,308	-	-	-	-	-	-	-
Salaries and wages - fringe benefits	-	876,172	-	-	-	-	-	-	-
Travel	-	750	10,592	-	-	-	-	-	-
Contractual services	-	704,726	3,435	-	-	18,688	-	-	-
Building rent	-	-	-	-	-	-	-	-	-
Supplies	-	48,155	148	-	8,947	5,256	-	-	-
Equipment	-	4,407	-	-	-	-	-	-	-
Utilities - power and water	-	-	-	-	-	-	-	-	-
Communications	-	-	-	-	-	-	-	-	-
Capital outlays	-	-	2,184	-	-	-	-	-	-
Grants and subsidies	-	4,791,666	-	-	-	-	-	-	-
Supplemental annuity benefits	-	-	-	-	-	-	-	-	-
Medical care	-	-	-	-	-	-	-	-	-
Miscellaneous	38,800	134,480	-	-	-	-	-	-	-
Total expenditures	38,800	10,097,388	16,359	-	8,947	23,944	-	-	-
Excess (deficiency) of revenues over (under) expenditures	36,631	(964,510)	87,973	127,908	56,946	63,654	-	-	-
Other financing sources (uses):									
Transfers in from other funds	-	-	-	-	-	-	-	-	-
Transfers out to other funds	-	(1,069,154)	-	-	-	-	-	-	-
Total other financing sources (uses), net	-	(1,069,154)	-	-	-	-	-	-	-
Net change in fund balances (deficits)	36,631	(2,033,664)	87,973	127,908	56,946	63,654	-	-	-
Fund balances (deficits) at beginning of year	2,602,576	2,314,581	52,481	6,068,777	1,043,467	18,533	-	-	-
Fund balances (deficits) at end of year	$ 2,639,207	$ 280,917	$ 140,454	$ 6,196,685	$ 1,100,413	$ 82,187	$ -	$ -	$ -

(continued)

Nonmajor Governmental Funds - Special Revenue Funds
Combining Statement of Revenues, Expenditures by Object, and Changes in Fund Balances (Deficits)
Year Ended September 30, 2005

	Individuals w/ Disabilities Disaster Recovery	Inmates Work Release	Land for the Landless	Land Survey Revolving	Legislature Operations	Litter Control Revolving	Livestock	Manpower Development	Medically Indigent Program Payment Revolving
Revenues:									
Taxes:									
Property	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Hotel	-	-	-	-	-	-	-	-	-
Liquid fuel	-	-	-	-	-	-	-	-	-
Other taxes	-	-	-	-	-	-	-	-	-
Sales, licenses, fees and permits	-	-	9,829	853,133	-	6,535	-	79,513	-
Use of money and property	-	-	-	-	-	-	-	-	-
Federal contributions	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	72,380	-	-	-	-
Total revenues	-	-	9,829	853,133	72,380	6,535	-	79,513	-
Expenditures by Object:									
Salaries and wages - regular	-	-	-	498,529	4,972,378	-	-	-	-
Salaries and wages - overtime	-	-	-	-	-	-	-	-	-
Salaries and wages - fringe benefits	-	-	-	137,978	922,479	-	-	-	-
Travel	-	-	-	-	33,359	-	-	-	86,052
Contractual services	-	-	-	84,154	207,930	-	-	222	-
Building rent	-	-	-	-	647,798	-	-	-	-
Supplies	-	-	-	4,348	92,646	-	-	468	-
Equipment	-	-	-	-	116,548	-	-	-	-
Utilities - power and water	-	-	-	16,677	161,010	-	-	-	-
Communications	-	-	-	15,000	122,825	-	-	-	-
Capital outlays	-	-	-	-	-	-	-	-	-
Grants and subsidies	-	-	-	-	-	-	-	35,653	-
Supplemental annuity benefits	-	-	-	-	-	-	-	-	-
Medical care	-	-	-	-	-	-	-	-	13,035,378
Miscellaneous	-	-	-	1	229,313	-	-	-	-
Total expenditures	-	-	-	756,687	7,506,286	-	-	36,343	13,121,430
Excess (deficiency) of revenues over (under) expenditures	-	-	9,829	96,446	(7,433,906)	6,535	-	43,170	(13,121,430)
Other financing sources (uses):									
Transfers in from other funds	-	-	-	-	7,265,584	-	-	-	13,121,430
Transfers out to other funds	-	-	-	(65,058)	-	-	-	-	-
Total other financing sources (uses), net	-	-	-	(65,058)	7,265,584	-	-	-	13,121,430
Net change in fund balances (deficits)	-	-	9,829	31,388	(168,322)	6,535	-	43,170	-
Fund balances (deficits) at beginning of year	100,000	-	70,356	1,006,621	1,625,532	3,280	4,351	161,554	-
Fund balances (deficits) at end of year	$ 100,000	$ -	$ 80,185	$ 1,038,009	$ 1,457,210	$ 9,815	$ 4,351	$ 204,724	$ -

(continued)

GOVERNMENT OF GUAM
Nonmajor Governmental Funds - Special Revenue Funds
Combining Statement of Revenues, Expenditures by Object, and Changes in Fund Balances (Deficits)
Year Ended September 30, 2005

	Mental Health and Substance Abuse	Notary Public Revolving	Off-Island Sports	Off-Island Sports Travel	Off-Island Treatment	Parks and Recreation Revolving	Plant Nursery Revolving	Plant Protection and Quarantine Revolving	Police Services
Revenues:									
Taxes:									
Property	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Hotel	-	-	-	-	-	-	-	-	-
Liquid fuel	-	-	-	-	-	-	-	-	-
Other taxes	-	-	-	-	-	-	-	-	-
Sales, licenses, fees and permits	-	7,775	120	-	-	-	17,781	-	393,452
Use of money and property	-	-	-	-	-	-	-	-	-
Federal contributions	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total revenues	-	7,775	120	-	-	-	17,781	-	393,452
Expenditures by Object:									
Salaries and wages - regular	-	-	-	-	-	-	-	-	-
Salaries and wages - overtime	-	-	-	-	-	-	-	-	-
Salaries and wages - fringe benefits	-	-	-	-	-	-	-	-	-
Travel	15,033	-	-	-	-	-	-	-	-
Contractual services	271,161	-	-	-	-	4,404	-	1,858	33,428
Building rent	-	-	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	563	6,768	197	109,744
Equipment	-	-	-	-	-	-	-	-	-
Utilities - power and water	-	-	-	-	-	5,529	-	-	-
Communications	-	-	-	-	-	-	-	-	-
Capital outlays	36,050	-	-	-	-	-	-	-	-
Grants and subsidies	-	-	-	-	-	-	-	-	-
Supplemental annuity benefits	-	-	-	-	-	-	-	-	-
Medical care	-	-	-	-	-	-	-	-	-
Miscellaneous	5,249	-	-	-	-	-	-	-	78,000
Total expenditures	327,493	-	-	-	-	10,496	6,768	2,055	221,172
Excess (deficiency) of revenues over (under) expenditures	(327,493)	7,775	120	-	-	(10,496)	11,013	(2,055)	172,280
Other financing sources (uses):									
Transfers in from other funds	689,771	-	-	-	-	-	-	-	-
Transfers out to other funds	-	-	-	-	-	-	-	-	-
Total other financing sources (uses), net	689,771	-	-	-	-	-	-	-	-
Net change in fund balances (deficits)	362,278	7,775	120	-	-	(10,496)	11,013	(2,055)	172,280
Fund balances (deficits) at beginning of year	-	15,211	500	20,560	1,350	81,124	(8,177)	(3,388)	77,764
Fund balances (deficits) at end of year	$ 362,278	$ 22,986	$ 620	$ 20,560	$ 1,350	$ 70,628	$ 2,836	$ (5,443)	$ 250,044

(continued)

GOVERNMENT OF GUAM

Nonmajor Governmental Funds - Special Revenue Funds

Combining Statement of Revenues, Expenditures by Object, and Changes in Fund Balances (Deficits)

Year Ended September 30, 2005

	Printing Revolving	Professional Engineers', Architects' and Surveyors'	Program Development	Public Auditor	Public Defender Service Corporation	Public Library System	Public Recreation Services	Public Service Recovery	Public Transit
Revenues:									
Taxes:									
Property	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Hotel	-	-	-	-	-	-	-	-	-
Liquid fuel	-	-	-	-	-	-	-	-	-
Other taxes	-	-	-	-	-	-	-	-	-
Sales, licenses, fees and permits	-	99,152	-	-	-	612,139	130,604	-	98,633
Use of money and property	-	-	1,433	1,712	-	-	-	-	-
Federal contributions	-	-	-	57,139	45,753	-	-	-	-
Other	-	-	-	-	495,948	-	-	-	-
Total revenues	-	99,152	1,433	58,851	541,701	612,139	130,604	-	98,633
Expenditures by Object:									
Salaries and wages - regular	-	63,717	-	563,512	2,229,382	-	-	-	-
Salaries and wages - overtime	-	-	-	-	-	-	-	-	-
Salaries and wages - fringe benefits	-	16,641	-	137,138	601,960	-	-	-	-
Travel	-	-	-	14,772	3,426	-	-	-	-
Contractual services	-	57,339	-	73,057	73,310	-	21,828	-	-
Building rent	-	14,551	-	77,925	196,896	-	-	-	-
Supplies	-	1,729	-	11,862	22,045	-	17,846	-	-
Equipment	-	1,888	-	-	11,644	-	4,762	-	-
Utilities - power and water	-	2,052	-	-	-	-	-	-	-
Communications	-	1,905	-	8,061	25,034	-	-	-	-
Capital outlays	-	2,203	-	-	36,483	-	9,444	-	-
Grants and subsidies	-	-	-	-	-	-	-	-	-
Supplemental annuity benefits	-	-	-	-	-	-	-	-	-
Medical care	-	-	-	-	-	-	-	-	-
Miscellaneous	-	500	-	59,244	4,508	-	898	12,445	-
Total expenditures	-	162,525	-	945,571	3,204,688	-	54,778	12,445	-
Excess (deficiency) of revenues over (under) expenditures	-	(63,373)	1,433	(886,720)	(2,662,987)	612,139	75,826	(12,445)	98,633
Other financing sources (uses):									
Transfers in from other funds	-	-	-	845,737	2,535,560	135,360	-	-	-
Transfers out to other funds	-	-	-	-	-	(630,577)	-	-	-
Total other financing sources (uses), net	-	-	-	845,737	2,535,560	(495,217)	-	-	-
Net change in fund balances (deficits)	-	(63,373)	1,433	(40,983)	(127,427)	116,922	75,826	(12,445)	98,633
Fund balances (deficits) at beginning of year	11,682	47,732	(5,753)	275,492	538,330	385,870	-	12,063	485,059
Fund balances (deficits) at end of year	$ 11,682	$ (15,641)	$ (4,320)	$ 234,509	$ 410,903	$ 502,792	$ 75,826	$ (382)	$ 583,692

(continued)

GOVERNMENT OF GUAM
Nonmajor Governmental Funds - Special Revenue Funds
Combining Statement of Revenues, Expenditures by Object, and Changes in Fund Balances (Deficits)
Year Ended September 30, 2005

	Rabies Prevention	Safe Homes, Safe Streets	Safe Streets	Solid Waste Management Plan	SW Medical Monitoring	Special Assets Forfeiture	State Agency for Surplus Property	Street Light	StripperWell Overcharge
Revenues:									
Taxes:									
Property	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Hotel	-	-	-	-	-	-	-	-	-
Liquid fuel	-	-	-	-	-	-	-	-	-
Other taxes	-	1,139,848	-	-	-	-	-	-	-
Sales, licenses, fees and permits	46,475	-	-	25,696	-	207,690	14,088	3,719,852	-
Use of money and property	-	-	-	-	-	1,276	-	-	10,334
Federal contributions	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total revenues	46,475	1,139,848	-	25,696	-	208,966	14,088	3,719,852	10,334
Expenditures by Object:									
Salaries and wages - regular	-	-	-	-	-	-	1,717	-	-
Salaries and wages - overtime	-	-	-	-	-	1,591	32,583	-	-
Salaries and wages - fringe benefits	-	-	-	-	-	-	1,337	-	-
Travel	-	-	-	-	-	36,248	4,475	-	-
Contractual services	1,420	871,842	17,200	-	-	2,875	3,664	76,175	-
Building rent	-	-	-	-	-	-	-	-	-
Supplies	3,794	115,669	-	15,255	-	369	2,303	-	-
Equipment	3,100	50,051	-	-	-	-	-	-	-
Utilities - power and water	-	-	-	-	-	-	-	4,026,528	-
Communications	-	295	-	-	-	-	-	-	-
Capital outlays	-	38,404	-	-	-	3,723	6,873	-	-
Grants and subsidies	-	-	-	-	-	-	-	-	-
Supplemental annuity benefits	-	-	-	-	-	-	-	-	-
Medical care	-	-	-	-	-	-	-	-	-
Miscellaneous	-	431,935	-	-	-	-	-	-	2,517
Total expenditures	8,314	1,508,196	17,200	15,255	-	44,806	52,952	4,102,703	2,517
Excess (deficiency) of revenues over (under) expenditures	38,161	(368,348)	(17,200)	10,441	-	164,160	(38,864)	(382,851)	7,817
Other financing sources (uses):									
Transfers in from other funds	-	-	-	-	-	-	-	519,911	-
Transfers out to other funds	-	(100,000)	-	-	-	-	-	-	-
Total other financing sources (uses), net	-	(100,000)	-	-	-	-	-	519,911	-
Net change in fund balances (deficits)	38,161	(468,348)	(17,200)	10,441	-	164,160	(38,864)	137,060	7,817
Fund balances (deficits) at beginning of year	100,790	1,013,799	303,839	58,075	125,001	679,260	273,777	(137,060)	573,672
Fund balances (deficits) at end of year	$ 138,951	$ 545,451	$ 286,639	$ 68,516	$ 125,001	$ 843,420	$ 234,913	$ -	$ 581,489

(continued)

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Nonmajor Governmental Funds - Special Revenue Funds

Combining Statement of Revenues, Expenditures by Object, and Changes in Fund Balances (Deficits)

Year Ended September 30, 2005

	Superior Court Operations	Supreme Court of Guam	Supplemental Annuity Benefits	Taguag Memorial Cemetery	Tax Collection	Territorial Educational Facilities	Territorial Highway	Tourist Attraction	Typhoon Chataan & Halong
Revenues:									
Taxes:									
Property	$ -	$ -	$ -	$ -	$ -	$ 20,372,758	$ -	$ -	$ -
Hotel	-	-	-	-	-	-	-	18,946,881	-
Liquid fuel	-	-	-	-	-	-	14,299,259	-	-
Other taxes	-	-	-	-	-	-	-	-	-
Sales, licenses, fees and permits	407,671	27,615	-	17,200	640,992	-	4,734,342	-	-
Use of money and property	-	-	-	-	-	-	1,325	-	-
Federal contributions	876,070	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total revenues	1,283,741	27,615	-	17,200	640,992	20,372,758	19,034,926	18,946,881	-
Expenditures by Object:									
Salaries and wages - regular	13,997,324	1,545,073	-	-	308,986	-	2,966,647	-	-
Salaries and wages - overtime	-	-	-	-	12,178	-	41,881	-	-
Salaries and wages - fringe benefits	-	356,250	-	-	91,169	-	829,153	-	-
Travel	173,192	56,221	-	-	14,896	-	26,502	-	-
Contractual services	591,838	74,186	-	-	40,903	-	2,585,341	46,735	-
Building rent	148,140	14,400	-	-	30,240	-	-	-	-
Supplies	349,681	14,628	-	-	9,940	-	176,279	5,660	-
Equipment	9,346	-	-	-	3,701	-	9,521	-	-
Utilities - power and water	665,298	-	-	-	5,000	-	181,226	-	-
Communications	154,642	30,264	-	-	351	-	43,627	-	-
Capital outlays	298,886	-	-	-	11,691	-	70,126	1,635	-
Grants and subsidies	-	-	-	-	-	-	-	10,187,022	-
Supplemental annuity benefits	-	-	12,602,928	-	-	-	-	-	-
Medical care	-	-	-	-	-	-	-	-	-
Miscellaneous	643,008	172,126	-	-	-	37,250	95,324	-	-
Total expenditures	17,031,355	2,263,148	12,602,928	-	529,055	37,250	7,025,627	10,241,052	-
Excess (deficiency) of revenues over (under) expenditures	(15,747,614)	(2,235,533)	(12,602,928)	17,200	111,937	20,335,508	12,009,299	8,705,829	-
Other financing sources (uses):									
Transfers in from other funds	19,281,834	1,819,178	12,602,928	-	-	-	-	847,304	-
Transfers out to other funds	(2,942,707)	-	-	-	-	(19,840,457)	(5,002,859)	-	-
Total other financing sources (uses), net	16,339,127	1,819,178	12,602,928	-	-	(19,840,457)	(5,002,859)	847,304	-
Net change in fund balances (deficits)	591,513	(416,355)	-	17,200	111,937	495,051	7,006,440	9,553,133	-
Fund balances (deficits) at beginning of year	3,097,193	516,107	605,555	31,686	526,564	357,284	(11,519,114)	(11,960,105)	(1,489)
Fund balances (deficits) at end of year	$ 3,688,706	$ 99,752	$ 605,555	$ 48,886	$ 638,501	$ 852,335	$ (4,512,674)	$ (2,406,972)	$ (1,489)

(continued)

GOVERNMENT OF GUAM
Nonmajor Governmental Funds - Special Revenue Funds
Combining Statement of Revenues, Expenditures by Object, and Changes in Fund Balances (Deficits)
Year Ended September 30, 2005

	University of Guam Capital Improvements	Village Streets	Water Protection	Water Research and Development	Wildlife Conservation	Workman's Compensation	Youth Tobacco Education and Prevention	Total
Revenues:								
Taxes:								
Property	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 20,372,758
Hotel	-	-	-	-	-	-	-	18,946,881
Liquid fuel	-	-	-	-	-	-	-	14,299,259
Other taxes	-	-	-	-	-	-	-	10,272,726
Sales, licenses, fees and permits	-	-	68,218	63,825	33,860	463,758	1,634	29,654,518
Use of money and property	-	736	-	-	-	-	34,628	236,562
Federal contributions	-	-	-	-	-	-	-	44,086,627
Other	-	-	-	-	-	-	-	571,264
Total revenues	-	736	68,218	63,825	33,860	463,758	36,262	138,440,595
Expenditures by Object:								
Salaries and wages - regular	-	-	-	-	-	-	-	64,744,678
Salaries and wages - overtime	-	-	-	-	-	-	-	840,905
Salaries and wages - fringe benefits	-	-	-	-	-	-	-	12,209,782
Travel	-	1,313	-	-	-	22,307	-	1,614,804
Contractual services	-	183,766	63,925	277,364	6,968	930,314	-	14,349,040
Building rent	-	-	-	-	-	-	-	2,962,959
Supplies	-	213,495	3,116	-	7,464	-	-	4,698,805
Equipment	-	5,835	-	-	-	-	-	2,391,789
Utilities - power and water	-	-	-	-	-	-	-	5,162,388
Communications	-	616	-	-	-	-	-	609,939
Capital outlays	-	52,480	-	-	2,798	-	-	2,897,839
Grants and subsidies	500,000	-	-	-	-	-	-	15,514,341
Supplemental annuity benefits	-	-	-	-	-	-	-	12,602,928
Medical care	-	-	-	-	-	-	-	13,035,378
Miscellaneous	-	8,607	-	-	-	234,026	-	4,443,547
Total expenditures	500,000	466,112	67,041	277,364	17,230	1,186,647	-	158,079,122
Excess (deficiency) of revenues over (under) expenditures	(500,000)	(465,376)	1,177	(213,539)	16,630	(722,889)	36,262	(19,638,527)
Other financing sources (uses):								
Transfers in from other funds	500,000	491,500	-	-	-	1,000,000	-	66,021,632
Transfers out to other funds	-	-	-	-	-	-	(689,771)	(30,340,583)
Total other financing sources (uses), net	500,000	491,500	-	-	-	1,000,000	(689,771)	35,681,049
Net change in fund balances (deficits)	-	26,124	1,177	(213,539)	16,630	277,111	(653,509)	16,042,522
Fund balances (deficits) at beginning of year	-	101,122	149,575	366,412	205,179	-	1,830,521	21,026,752
Fund balances (deficits) at end of year	$ -	$ 127,246	$ 150,752	$ 152,873	$ 221,809	$ 277,111	$ 1,177,012	$ 37,069,274

See Accompanying Independent Auditors' Report.

Nonmajor Governmental Funds - Capital Projects Funds
Combining Balance Sheet
September 30, 2005

AS/400 Fund Number	224 Limited Obligation Highway Improvement Bonds	251 Limited Obligation Infrastructure Improvement Bonds	252 Water Systems Revenue Bond	401/403 PUAG Capital Projects	253 General Obligation Bond Series A 1993	Judicial Building	Total
ASSETS:							
Cash and cash equivalents	$ -	$ -	$ -	$ 10,271	$ -	$ 547,960	$ 558,231
Time certificates of deposit	-	-	-	-	-	1,000,718	1,000,718
Receivables, net:							
Other	-	-	-	29,180	-	-	29,180
Due from other funds	578,100	5,352,402	-	948,461	734,649	-	7,613,612
Restricted assets:							
Cash and cash equivalents	24,728,044	6,748,593	2,085,774	-	80,425	-	33,642,836
Total assets	$ 25,306,144	$ 12,100,995	$ 2,085,774	$ 987,912	$ 815,074	$ 1,548,678	$ 42,844,577
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accrued payroll and other	$ -	$ 67,171	$ -	$ -	$ -	$ -	$ 67,171
Due to other funds	-	-	80,856	-	-	228,863	309,719
Total liabilities	-	67,171	80,856	-	-	228,863	376,890
Fund balances:							
Reserved for:							
Related assets	578,100	5,352,402	-	-	-	-	5,930,502
Encumbrances	-	266,521	-	-	-	346,819	613,340
Continuing appropriations	-	2,538,505	1,587,189	2,486	456,345	-	4,584,525
Unreserved	24,728,044	3,876,396	417,729	985,426	358,729	972,996	31,339,320
Total fund balances	25,306,144	12,033,824	2,004,918	987,912	815,074	1,319,815	42,467,687
Total liabilities and fund balances	$ 25,306,144	$ 12,100,995	$ 2,085,774	$ 987,912	$ 815,074	$ 1,548,678	$ 42,844,577

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Nonmajor Govenmental Funds - Capital Projects Funds
Combining Statement of Revenues, Expenditures by Function, and Changes in Fund Balances
Year Ended September 30, 2005

	Limited Obligation Highway Improvement Bonds	Limited Obligation Infrastructure Improvement Bonds	Water Systems Revenue Bond	PUAG Capital Projects	General Obligation Bond Series A 1993	Judicial Building	Total
Revenues:							
Use of money and property	$ 712,793	$ 147,305	$ 170,069	$ -	$ 101,440	$ 1,613,007	$ 2,744,614
Total revenues	712,793	147,305	170,069	-	101,440	1,613,007	2,744,614
Expenditures by function:							
Current:							
General government	-	-	-	-	169,330	-	169,330
Public education	-	-	-	-	33,736	-	33,736
Individual and collective rights	-	-	-	-	-	626,859	626,859
Payments to Guam Waterworks Authority	-	-	638,035	-	-	-	638,035
Capital projects	-	3,454,773	-	-	8,992	-	3,463,765
Debt service	-	-	-	-	-	901,560	901,560
Total expenditures	-	3,454,773	638,035	-	212,058	1,528,419	5,833,285
Net change in fund balances	712,793	(3,307,468)	(467,966)	-	(110,618)	84,588	(3,088,671)
Fund balances at beginning of year	24,593,351	15,341,292	2,472,884	987,912	925,692	1,235,227	45,556,358
Fund balances at end of year	$ 25,306,144	$ 12,033,824	$ 2,004,918	$ 987,912	$ 815,074	$ 1,319,815	$ 42,467,687

See Accompanying Independent Auditors' Report.

Nonmajor Govenmental Funds - Capital Projects Funds
Combining Statement of Revenues, Expenditures by Object, and Changes in Fund Balances
Year Ended September 30, 2005

	Limited Obligation Highway Improvement Bonds	Limited Obligation Infrastructure Improvement Bonds	Water Systems Revenue Bond	PUAG Capital Projects	General Obligation Bond Series A 1993	Judicial Building	Total
Revenues:							
Use of money and property	$ 712,793	$ 147,305	$ 170,069	$ -	$ 101,440	$ 1,613,007	$ 2,744,614
Total revenues	712,793	147,305	170,069	-	101,440	1,613,007	2,744,614
Expenditures by object:							
Contractual services	-	3,445,336	-	-	14,900	67,456	3,527,692
Supplies	-	-	-	-	8,991	-	8,991
Equipment	-	-	-	-	2,277	8,109	10,386
Capital outlays	-	-	-	-	169,519	99,804	269,323
Grants and subsidies	-	-	638,035	-	-	-	638,035
Principal retirement	-	-	-	-	-	572,318	572,318
Interest and fiscal charges	-	-	-	-	-	329,242	329,242
Miscellaneous	-	9,437	-	-	16,371	451,490	477,298
Total expenditures	-	3,454,773	638,035	-	212,058	1,528,419	5,833,285
Excess (deficiency) of revenues over (under) expenditures	712,793	(3,307,468)	(467,966)	-	(110,618)	84,588	(3,088,671)
Net change in fund balances	712,793	(3,307,468)	(467,966)	-	(110,618)	84,588	(3,088,671)
Fund balances at beginning of year	24,593,351	15,341,292	2,472,884	987,912	925,692	1,235,227	45,556,358
Fund balances at end of year	$ 25,306,144	$ 12,033,824	$ 2,004,918	$ 987,912	$ 815,074	$ 1,319,815	$ 42,467,687

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Nonmajor Governmental Funds - Debt Service Funds
Combining Balance Sheet
September 30, 2005

AS/400 Fund Numbers	226 Limited Obligation Highway Improvement Bonds	354 Limited Obligation Infrastructure Improvement Bonds	355 Water Systems Revenue Bond	357 General Obligation Bond Series A 1993	358 General Obligation Bond Series A 1994	359 General Obligation Bond Series A 1995	Total
ASSETS							
Cash and cash equivalents	$ -	$ -	$ -	$ -	$ 8	$ -	$ 8
Due from other funds	-	-	-	-	2,070,174	3,294,914	5,365,088
Restricted assets:							
Cash and cash equivalents	8,783,261	13,820,064	10,099,130	1,728,629	-	598,227	35,029,311
Investments	732,000	-	-	8,421,000	-	183,000	9,336,000
Total assets	$ 9,515,261	$ 13,820,064	$ 10,099,130	$ 10,149,629	$ 2,070,182	$ 4,076,141	$ 49,730,407
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	$ 770	$ -	$ 2,000	$ -	$ -	$ 3,653	$ 6,423
Due to other funds	-	-	10,097,130	317,478	-	-	10,414,608
Total liabilities	770	-	10,099,130	317,478	-	3,653	10,421,031
Fund balances:							
Reserved for:							
Debt service	9,514,491	13,820,064	-	9,832,151	8	4,072,488	37,239,202
Related assets	-	-	-	-	2,070,174	-	2,070,174
Total fund balances	9,514,491	13,820,064	-	9,832,151	2,070,182	4,072,488	39,309,376
Total liabilities and fund balances	$ 9,515,261	$ 13,820,064	$ 10,099,130	$ 10,149,629	$ 2,070,182	$ 4,076,141	$ 49,730,407

See Accompanying Independent Auditors' Report.

Nonmajor Governmental Funds - Debt Service Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Year Ended September 30, 2005

	Limited Obligation Highway Improvement Bonds	Limited Obligation Infrastructure Improvement Bonds	Water Systems Revenue Bond	General Obligation Bond Series A 1993	General Obligation Bond Series A 1994	General Obligation Bond Series A 1995	Total
Revenues:							
Use of money and property	$ 95,211	$ 69,171	$ 144,997	$ 32,411	$ -	$ 14,088	$ 355,878
Total revenues	95,211	69,171	144,997	32,411	-	14,088	355,878
Expenditures:							
Debt service:							
Principal retirement	4,265,000	4,285,000	8,552,862	5,910,000	-	16,875,000	39,887,862
Interest and fiscal charges	1,773,224	3,011,258	3,839,275	6,739,415	-	1,129,379	16,492,551
Total expenditures	6,038,224	7,296,258	12,392,137	12,649,415	-	18,004,379	56,380,413
Deficiency of revenues under expenditures	(5,943,013)	(7,227,087)	(12,247,140)	(12,617,004)	-	(17,990,291)	(56,024,535)
Other financing sources (uses):							
Transfers in from other funds	4,502,859	-	12,225,720	12,647,415	-	17,995,725	47,371,719
Transfers out to other funds	(491,500)	(847,304)	-	-	-	-	(1,338,804)
Total other financing sources (uses), net	4,011,359	(847,304)	12,225,720	12,647,415	-	17,995,725	46,032,915
Net change in fund balances	(1,931,654)	(8,074,391)	(21,420)	30,411	-	5,434	(9,991,620)
Fund balances at beginning of year	11,446,145	21,894,455	21,420	9,801,740	2,070,182	4,067,054	49,300,996
Fund balances at end of year	$ 9,514,491	$ 13,820,064	$ -	$ 9,832,151	$ 2,070,182	$ 4,072,488	$ 39,309,376

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Statement of Fiduciary Net Assets
Fiduciary Funds - Pension Trusts
September 30, 2005

	Defined Benefit	Defined Contribution	Total
ASSETS			
Cash and cash equivalents	$ 2,622,576	$ 2,788,469	$ 5,411,045
Investments at fair value:			
Common stocks	641,550,000	-	641,550,000
U.S. Government securities	307,926,251	-	307,926,251
Corporate bonds and notes	231,618,588	-	231,618,588
Money market funds	45,367,251	-	45,367,251
Mutual funds	-	120,356,997	120,356,997
DC plan forfeitures	-	6,915,108	6,915,108
Total investments	1,226,462,090	127,272,105	1,353,734,195
Accounts receivable:			
Employer contributions, net	16,863,474	866,147	17,729,621
Member contributions	6,240,707	164,522	6,405,229
Interest and penalties on contributions	5,814,607	-	5,814,607
Accrued investment income	5,563,159	-	5,563,159
Due from brokers for unsettled trades	1,214,130	-	1,214,130
Notes receivable - service credits	8,807,252	-	8,807,252
Notes receivable - ERIP	10,185,803	-	10,185,803
Receivable-ERIP employer's share	9,094,642	-	9,094,642
Supplemental/COLA benefits	92,162,185	-	92,162,185
Supplemental/Insurance benefits advanced	1,977,579	-	1,977,579
Retiree supplemental benefits and insurance	2,427,213	-	2,427,213
Other	3,048,065	166,220	3,214,285
Due from DC plan	738,758	-	738,758
Total receivables	164,137,574	1,196,889	165,334,463
Capital assets	1,257,365	-	1,257,365
Total assets	1,394,479,605	131,257,463	1,525,737,068
LIABILITIES			
Deferred revenue	28,087,697	-	28,087,697
Accounts payable and accrued expenses	2,989,440	2,347,679	5,337,119
Due to DB plan	-	738,758	738,758
Due to brokers for unsettled trades	6,031,941	-	6,031,941
Total liabilities	37,109,078	3,086,437	40,195,515
NET ASSETS			
Held in trust for retirement benefits	$ 1,357,370,527	$ 128,171,026	$ 1,485,541,553

See Accompanying Independent Auditors' Report

GOVERNMENT OF GUAM

Statement of Changes in Fiduciary Net Assets
Fiduciary Funds - Pension Trusts
Year Ended September 30, 2005

	Defined Benefit	Defined Contribution	Total
Additions:			
Contributions:			
Employer	$ 63,282,604	$ 7,720,777	$ 71,003,381
Member	19,362,457	7,665,822	27,028,279
Total contributions	82,645,061	15,386,599	98,031,660
Net investment income:			
Net appreciation in fair value of investments	$ 90,329,575	9,889,749	100,219,324
Interest	22,929,215	2,653,809	25,583,024
Dividends	12,496,681	-	12,496,681
Other	848,735	466,825	1,315,560
Total investment income	126,604,206	13,010,383	139,614,589
Less: investment expenses	3,305,543	-	3,305,543
Net investment income	123,298,663	13,010,383	136,309,046
Total additions	205,943,724	28,396,982	234,340,706
Deductions:			
Benefits	161,683,751	-	161,683,751
Refunds	9,916,408	6,057,880	15,974,288
Balance transfer to DC plan	444,480	(444,480)	-
Administrative and general expenses	2,880,522	1,124,228	4,004,750
Total deductions	174,925,161	6,737,628	181,662,789
Change in net assets	31,018,563	21,659,354	52,677,917
Net assets at beginning of year, as previously reported	1,329,172,696	106,511,672	1,435,684,368
Adjustment of supplemental receivable	(2,820,732)	-	(2,820,732)
Net assets at end of year	$ 1,357,370,527	$ 128,171,026	$ 1,485,541,553

See Accompanying Independent Auditors' Report

GOVERNMENT OF GUAM

Combining Statement of Fiduciary Net Assets
Fiduciary Funds - Private Purpose Trusts
September 30, 2005

	Superior Court	Public Defender	Supreme Court	Total
ASSETS				
Cash and cash equivalents	$ 5,134,601	$ 13,361	$ -	$ 5,147,962
Receivables, net:				
Other	-	-	-	-
Total assets	5,134,601	13,361	-	5,147,962
LIABILITIES				
Deposits and other liabilities	4,507,645	12,513	-	4,520,158
Due to other funds	42,890	-	-	42,890
Total liabilities	4,550,535	12,513	-	4,563,048
NET ASSETS				
Held in trust for other purposes	$ 584,066	$ 848	$ -	$ 584,914

See Accompanying Independent Auditors' Report.

Combining Statement of Changes in Fiduciary Net Assets
Fiduciary Funds - Private Purpose Trusts
Year Ended September 30, 2005

	Superior Court	Public Defender	Supreme Court	Total
Additions:				
Use of money and property	$ 583,116	$ -	$ -	$ 583,116
Transfers in from other funds	1,123,529	-	-	1,123,529
Total additions	1,706,645	-	-	1,706,645
Deductions:				
Individual and collective rights	1,541,027	-	9,176	1,550,203
Total deductions	1,541,027	-	9,176	1,550,203
Changes in net assets	165,618	-	(9,176)	156,442
Net assets at beginning of year	418,448	848	9,176	428,472
Net assets at end of year	$ 584,066	$ 848	$ -	$ 584,914

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Nonmajor Component Units
Combining Statement of Net Assets
September 30, 2005

ASSETS	Guam Community College	Guam Housing and Urban Renewal Authority	Guam Housing Corporation	Chamorro Land Trust Commission	Guam Economic Development and Commerce Authority	Guam Visitors Bureau	Guam Educational Telecomm-unications Corporation	Total
Current assets:								
Cash and cash equivalents	$ 7,367,767	$ 7,219,110	$ 3,060,918	$ 951,571	$ 109,917	$ 2,086,084	$ 1,018,921	$ 21,814,288
Time certificates of deposit	-	2,136,672	-	-	-	-	272,935	2,409,607
Investments	-	-	-	-	1,051,857	-	-	1,051,857
Receivables, net	2,915,772	1,115,670	3,915,759	73,795	1,505,530	110,809	177,599	9,814,934
Due from primary government	742,655	-	-	-	-	1,532,622	-	2,275,277
Inventories	140,722	218,961	35,863	-	14,309	-	-	409,855
Prepayments	796	377,959	20,590	-	1,054,622	51,000	-	1,504,967
Restricted assets:								
Cash and cash equivalents	269,354	1,398,857	7,377,210	-	1,402,061	-	-	10,447,482
Investments	7,247,069	-	5,907,308	-	2,317,009	-	-	15,471,386
Receivables	-	-	149,292	-	-	-	-	149,292
Total current assets	18,684,135	12,467,229	20,466,940	1,025,366	7,455,305	3,780,515	1,469,455	65,348,945
Noncurrent assets:								
Investments	1,740,000	-	-	-	-	-	-	1,740,000
Receivables, net	-	-	23,496,882	-	-	-	-	23,496,882
Capital assets, net of accumulated depreciation	11,027,080	34,534,055	6,113,926	-	914,090	7,713,266	485,160	60,787,577
Deferred bond issuance costs	-	-	-	-	602,785	-	-	602,785
Other assets	-	5,553,077	15,611,097	-	599,500	133,125	38,469	21,935,268
Total noncurrent assets	12,767,080	40,087,132	45,221,905	-	2,116,375	7,846,391	523,629	108,562,512
Total assets	$ 31,451,215	$ 52,554,361	$ 65,688,845	$ 1,025,366	$ 9,571,680	$ 11,626,906	$ 1,993,084	$ 173,911,457

See Accompanying Independent Auditors' Report.

Nonmajor Component Units
Combining Statement of Net Assets, Continued
September 30, 2005

LIABILITIES AND NET ASSETS	Guam Community College	Guam Housing and Urban Renewal Authority	Guam Housing Corporation	Chamorro Land Trust Commission	Guam Economic Development and Commerce Authority	Guam Visitors Bureau	Guam Educational Telecomm-unications Corporation	Total
Current liabilities:								
Current portion of long-term debt	$ 210,579	$ 30,493	$ 729,635	$ -	$ 505,000	$ 100,000	$ -	$ 1,575,707
Accounts payable	498,538	6,599,823	291,382	-	1,655,638	1,770,623	107,999	10,924,003
Accrued payroll and other	-	54,059	70,404	-	580,802	-	30,581	735,846
Deferred revenue	927,139	738,072	2,860	-	103,251	-	917,072	2,688,394
Compensated absences	183,319	182,388	54,992	-	-	-	18,700	439,399
Deposits and other liabilities	-	495,476	629,016	-	132,404	-	-	1,256,896
Total current liabilities	1,819,575	8,100,311	1,778,289	-	2,977,095	1,870,623	1,074,352	17,620,245
Noncurrent liabilities:								
Compensated absences	319,859	186,186	23,693	-	-	105,803	38,469	674,010
Noncurrent portion of long-term debt	2,189,421	1,555,104	13,306,763	-	23,953,460	-	-	41,004,748
Deposits	269,354	-	-	-	6,844	-	-	276,198
Other noncurrent liabilities	-	-	11,381,092	-	828,192	-	-	12,209,284
DCRS sick leave liability	312,107	-	80,429	-	27,790	59,218	-	479,544
Accrued unfunded retirement liability	-	-	154,881	-	291,305	204,822	-	651,008
Total noncurrent liabilities	3,090,741	1,741,290	24,946,858	-	25,107,591	369,843	38,469	55,294,792
Total liabilities	4,910,316	9,841,601	26,725,147	-	28,084,686	2,240,466	1,112,821	72,915,037
Net assets:								
Invested in capital assets, net of related debt	8,111,834	37,931,778	3,604,697	-	914,090	7,713,266	485,160	58,760,825
Restricted	6,272,027	2,473,450	24,038,311	-	-	246,704	-	33,030,492
Unrestricted (deficit)	12,157,038	2,307,532	11,320,690	1,025,366	(19,427,096)	1,426,470	395,103	9,205,103
Total net assets	26,540,899	42,712,760	38,963,698	1,025,366	(18,513,006)	9,386,440	880,263	100,996,420
Total liabilities and net assets	$ 31,451,215	$ 52,554,361	$ 65,688,845	$ 1,025,366	$ 9,571,680	$ 11,626,906	$ 1,993,084	$ 173,911,457

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Nonmajor Component Units
Combining Statement of Revenues, Expenses, and Changes in Net Assets
Year Ended September 30, 2005

	Guam Community College	Guam Housing and Urban Renewal Authority	Guam Housing Corporation	Chamorro Land Trust Commission	Guam Economic Development and Commerce Authority	Guam Visitors Bureau	Guam Educational Telecomm-unications Corporation	Total
Operating revenues:								
Charges for services	$ 2,437,866	$ 155,449	$ 3,178,147	$ 431,057	$ 1,925,455	$ 71,850	$ -	$ 8,199,824
Contributions	4,989,738	37,627,518	-	-	-	79,859	930,966	43,628,081
Other	2,685,220	1,189,904	2,605	-	1,382,787	-	-	5,260,516
Total operating revenues	10,112,824	38,972,871	3,180,752	431,057	3,308,242	151,709	930,966	57,088,421
Operating expenses:								
Cost of services	20,327,774	27,685,484	2,400,830	-	1,671,877	-	98,392	52,184,357
Depreciation and amortization	814,642	2,449,396	168,564	-	238,199	96,279	169,655	3,936,735
General and administrative	94,438	11,406,124	-	772,188	-	11,213,695	1,279,982	24,766,427
Total operating expenses	21,236,854	41,541,004	2,569,394	772,188	1,910,076	11,309,974	1,548,029	80,887,519
Operating income (loss)	(11,124,030)	(2,568,133)	611,358	(341,131)	1,398,166	(11,158,265)	(617,063)	(23,799,098)
Nonoperating revenues (expenses):								
Contributions from the primary government	12,866,283	-	-	-	-	10,187,022	596,296	23,649,601
Investment income	765,151	57,838	157,534	-	141,198	10,718	6,157	1,138,596
Interest expense	-	(96,086)	-	-	(1,523,596)	-	-	(1,619,682)
Other income (expenses), net	10,955	(591,137)	125,155	90,009	(437,365)	22,938	-	(779,445)
Total nonoperating revenues (expenses), net	13,642,389	(629,385)	282,689	90,009	(1,819,763)	10,220,678	602,453	22,389,070
Net income (loss) before capital contributions	2,518,359	(3,197,518)	894,047	(251,122)	(421,597)	(937,587)	(14,610)	(1,410,028)
Capital grants from the United States government	-	708,662	-	-	-	-	-	708,662
Increase (decrease) in net assets	2,518,359	(2,488,856)	894,047	(251,122)	(421,597)	(937,587)	(14,610)	(701,366)
Net assets at beginning of year	24,022,540	45,201,616	38,069,651	1,276,488	(18,091,409)	10,324,027	894,873	101,697,786
Net assets at end of year	$ 26,540,899	$ 42,712,760	$ 38,963,698	$ 1,025,366	$ (18,513,006)	$ 9,386,440	$ 880,263	$ 100,996,420

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Statement of Net Assets
Primary Government
September 30, 2005
(with comparative totals as of September 30, 2004)

	2005	2004
ASSETS		
Current assets:		
Cash and cash equivalents	$ 56,603,115	$ 53,968,701
Time certificates of deposit	1,000,718	1,000,718
Investments	9,453,800	8,120,000
Receivables, net	64,221,129	65,288,412
Due from private purpose trusts	42,890	580,511
Inventories	616,813	583,403
Other current assets	790,055	4,567,896
Restricted assets:		
Cash and cash equivalents	68,672,147	106,911,106
Investments	9,336,000	9,527,793
Total current assets	210,736,667	250,548,540
Noncurrent assets:		
Receivables, net	10,000,000	-
Capital assets, net of accumulated depreciation	716,448,507	732,640,813
Deferred charges	2,198,189	2,564,553
Total noncurrent assets	728,646,696	735,205,366
Total assets	$ 939,383,363	$ 985,753,906
LIABILITIES		
Current liabilities:		
Bank overdraft	$ -	$ 4,192,731
Current portion of long-term obligations	24,850,593	39,429,243
Accounts payable and other current liabilities	113,445,090	124,090,206
Accrued interest payable	5,240,957	6,127,958
Tax refunds	215,098,046	236,179,340
Due to pension trust funds	28,641,014	-
Due to component units	19,953,142	7,302,066
Deferred revenue	24,730,711	51,322,101
Compensated absences payable	6,438,218	5,455,206
Total current liabilities	438,397,771	474,098,851
Noncurrent liabilities:		
Compensated absences payable	9,870,371	11,773,681
Tax refunds	2,011,582	4,206,046
Unfunded pension liability	99,944,914	70,679,553
DCRS sick leave liability	9,215,843	8,119,121
Long-term obligations, net of current portion	264,456,845	290,841,920
Due to component units	19,006,638	20,902,447
Other noncurrent liabilities	16,641,000	16,641,000
Total noncurrent liabilities	421,147,193	423,163,768
Total liabilities	859,544,964	897,262,619
NET ASSETS		
Invested in capital assets, net of related debt	479,771,922	477,395,169
Restricted for:		
Capital projects	2,307,727	2,223,139
Retirement of indebtedness	31,998,245	30,377,164
Other purposes	49,620,181	33,014,064
Unrestricted	(483,859,676)	(454,518,249)
Total net assets	79,838,399	88,491,287
Total liabilities and net assets	$ 939,383,363	$ 985,753,906

See Accompanying Independent Auditors' Report.

GOVERNMENT OF GUAM

Combining Schedule of Encumbrances and Continuing Appropriations by Department - General Fund
September 30, 2005

	Encumbrances	Continuing Appropriations	Total
Executive Branch:			
Office of I Maga'lahen Guahan:			
Office of the Governor	$ 457,433	$ -	$ 457,433
Ancestral Land Trust Commission	4,536	1,254	5,790
Commission on Decolonization	4,678	36,898	41,576
Government House	39,583	-	39,583
Medical Referral Offices	74,642	-	74,642
	580,872	38,152	619,024
Office of I Segundu Na Maga'lahen Guahan:			
Office of the Lieutenant Governor	12,817	-	12,817
Bureau of Budget and Management Research:			
Office of the Director	4,854	-	4,854
Bureau of Statistics and Plans:			
Administration	1	-	1
Guam Developmental Disabilities Council	154	-	154
	155	-	155
Civil Service Commission:			
Office of the Director	685	-	685
Department of Administration:			
Office of the Director	287,510	-	287,510
Off-island Residential Treatment	1,950	-	1,950
Government Claims	-	254,300	254,300
	289,460	254,300	543,760
Department of Agriculture:			
Office of the Director	12,759	-	12,759
Animal and Plant Industry Division	9,272	-	9,272
Animal Health Section	8,649	-	8,649
	30,680	-	30,680
Department of Chamorro Affairs:			
Office of the Director	12,634	-	12,634
Department of Corrections:			
Office of the Director	158,971	41,401	200,372
Off-island Detention	3,200	-	3,200
	162,171	41,401	203,572
Department of Education:			
Guam Public School System	5,232,040	-	5,232,040
Guam Public Library	200,400	5,597	205,997
Guam Educational Telecom. Corporation	1,540	-	1,540
	5,433,980	5,597	5,439,577
Department of Integrated Services for Individuals with Disabilities:			
Service Contracts	303,143	-	303,143
Office of the Director	16,806	-	16,806
	319,949	-	319,949

See Accompanying Independent Auditors' Report

GOVERNMENT OF GUAM

Combining Schedule of Encumbrances and Continuing Appropriations by Department - General Fund, Continued September 30, 2005

	Encumbrances	Continuing Appropriations	Total
Executive Branch, Continued:			
Department of Labor:			
Office of the Director	$ 1,980	$ -	$ 1,980
Department of Land Management:			
Office of the Director	18,573	-	18,573
Department of Mental Health and Substance Abuse:			
Office of the Director	206,532	173,379	379,911
Nursing Services Division	4,219	-	4,219
	210,751	173,379	384,130
Department of Military Affairs:			
Office of the Adjutant General	19,565	-	19,565
Office of Civil Defense	184,906	142,648	327,554
Office of Veterans Affairs	165,231	199,804	365,035
	369,702	342,452	712,154
Department of Parks and Recreation:			
Office of the Director	6,783	-	6,783
Parks Maintenance	26,805	-	26,805
	33,588	-	33,588
Department of Public Health and Social Services:			
Office of the Director	32,250	-	32,250
Chief Public Health Office	539,604	31,598	571,202
Community Health Services	25,394	-	25,394
Communicable Disease Control	68,300	-	68,300
Professional Social Services	9,220	-	9,220
Primary Care Services	29,084	-	29,084
Family Health and Nursing Services	10,077	-	10,077
Medically Indigent Program	5,334	-	5,334
Foster Care	27,004	-	27,004
Division of Senior Citizens	54,394	-	54,394
Adult Protective Services	6,458	-	6,458
Division of Environmental Health	121,236	-	121,236
Financial Management Services	5,410	-	5,410
Supply Section	8,843	-	8,843
Management Support Services	11,944	-	11,944
Facilities and Maintenance	177,621	-	177,621
Systems Group	136,578	-	136,578
	1,268,751	31,598	1,300,349
Department of Public Works:			
Office of the Director	744,306	-	744,306
Tumon Drain Study	-	242,000	242,000
Bus Operations Division	15,763	88,358	104,121
	760,069	330,358	1,090,427

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GOVERNMENT OF GUAM

Combining Schedule of Encumbrances and Continuing Appropriations by Department - General Fund, Continued
September 30, 2005

	Encumbrances	Continuing Appropriations	Total
Executive Branch, Continued:			
Department of Revenue and Taxation:			
Office of the Director	$ 469,364	$ 11,295	$ 480,659
Department of Youth Affairs:			
Division of Vocational Rehabilitation and Support Services	4,092	-	4,092
Guam Fire Department:			
Office of the Fire Chief	-	250,000	250,000
Administrative and Logistical Support	52,337	-	52,337
	52,337	250,000	302,337
Guam Police Department:			
Office of the Chief	173,785	488,430	662,215
Support Division	103,499	-	103,499
Forensic Science Division	276	-	276
	277,560	488,430	765,990
Office of the Attorney-General:			
Attorney-General's Office	95,913	-	95,913
Prosecution Division	15,275	-	15,275
	111,188	-	111,188
Other:			
Chamorro Land Trust Commission	106,770	-	106,770
Guam Election Commission	1,211	-	1,211
Mayor's Council of Guam	73,088	394,502	467,590
Medical Examiner's Office	6,923	-	6,923
	187,992	394,502	582,494
Total Executive Branch	10,614,204	2,361,464	12,975,668
Government of Guam Retirement Fund Appropriations:			
GMH Retirement Fund Contribution	-	1,460,000	1,460,000
Miscellaneous Appropriations:			
Guam Legal Services Corporation	-	88,423	88,423
Guma' Mami Inayek Project	-	182,241	182,241
Hagatna Restoration and Redevelopment	1,441	403,112	404,553
Small Business Financing Assistance (PIDB)	500,000	-	500,000
Total Miscellaneous Appropriations	501,441	673,776	1,175,217
Operating Transfers Out			
Federal Grants Fund	-	2,596,435	2,596,435
	$ 11,115,645	$ 7,091,675	$ 18,207,320

See Accompanying Independent Auditors' Report

GOVERNMENT OF GUAM

Schedule of Other Financing Sources (Uses) - Governmental Funds
Year Ended September 30, 2005

Source/Recipient	Transfers Out	Transfers In
General Fund		
From General Fund to:		
Customs, Agriculture and Quarantine Inspection Services Fund	$ 753,876	$ -
Federal Grants Fund	25,711,662	-
Guam Legislature Fund	7,265,584	-
Medically Indigent Program Fund	13,121,430	-
Public Auditor Fund	845,737	-
Public Defender Service Corporation Fund	2,535,560	-
Public Library System Fund	135,360	630,577
Street Light Fund	519,911	-
Superior Court Operations Fund	19,281,834	-
Supplemental Annuity Benefits Fund	12,602,928	-
Workers' Compensation Fund	1,000,000	-
Water Systems Revenue Bond Debt Service Fund	12,225,720	-
General Obligations Bond Series A 1993 Debt Service Fund	12,647,415	-
General Obligations Bond Series A 1995 Debt Service Fund	17,995,725	-
To General Fund from:		
Healthy Futures Fund	-	969,154
Safe Homes, Safe Streets Fund	-	100,000
Territorial Educational Facilities Fund	-	19,840,457
	$ 126,642,742	$ 21,540,188
Federal Grants Assistance Fund		
From Federal Grants Fund to:		
GPSS Federal Grants Fund	$ 3,611,659	$ -
To Federal Grants Fund from:		
General Fund	-	25,711,662
Land Survey Revolving Fund	-	65,058
	$ 3,611,659	$ 25,776,720
Solid Waste Operations Fund		
To Solid Waste Operations Fund from Healthy Futures Fund	$ -	$ 100,000
GTA Privatization Proceeds Fund		
From GTA Privatization Proceeds Fund to Interim Transition Coordinating Committee Fund	$ 3,556,552	$ -
Interim Transition Coordinating Committee Fund		
To Interim Transition Coordinating Committee Fund from GTA Privatization Proceeds Fund	$ -	$ 3,556,552

See Accompanying Independent Auditors' Report

GOVERNMENT OF GUAM

Schedule of Other Financing Sources (Uses) - Governmental Funds, Continued
Year Ended September 30, 2005

Source/Recipient	Transfers Out	Transfers In
Other Governmental Funds		
Special Revenue Funds:		
To General Fund from Territorial Educational Facilities Fund	$ 19,840,457	$ -
From Territorial Highway Fund to:		
Limited Obligation Highway Improvement Bonds Debt Service Fund	4,502,859	-
University of Guam Capital Improvements Fund	500,000	500,000
From Superior Court Operations Fund to:		
Supreme Court of Guam Fund	1,819,178	1,819,178
Superior Court Trust Fund	1,123,529	-
From General Fund to:		
Customs, Agriculture and Quarantine Inspection Services Fund	-	753,876
Guam Legislature Fund	-	7,265,584
Medically Indigent Program Fund	-	13,121,430
Public Auditor Fund	-	845,737
Public Defender Service Corporation Fund	-	2,535,560
Public Library System Fund	630,577	135,360
Street Light Fund	-	519,911
Superior Court Operations Fund	-	19,281,834
Supplemental Annuity Benefits Fund	-	12,602,928
Workers' Compensation Fund	-	1,000,000
From Federal Grants Assistance Fund to GPSS Federal Grants Fund	-	3,611,659
From Healthy Futures Fund to:		
General Fund	969,154	-
Solid Waste Operations Fund	100,000	-
From Land Survey Revolving Fund to Federal Grants Fund	65,058	-
From Safe Homes, Safe Streets Fund to General Fund	100,000	-
To Tourist Attraction Fund from Limited Obligation Infrastructure Improvement Bonds Debt Service Fund	-	847,304
To Village Streets Fund from Limited Obligation Highway Improvement Bonds Debt Service Fund	-	491,500
From Youth Tobacco Education and Prevention Fund to Mental Health and Substance Abuse Fund	689,771	689,771
Debt Service Funds:		
From Limited Obligation Highway Improvement Bonds Debt Service Fund to Village Streets Fund	491,500	-
From Limited Obligation Infrastructure Improvement Bonds Debt Service Fund to Tourist Attraction Fund	847,304	-
To Limited Obligation Highway Improvement Bonds Debt Service Fund from Territorial Highway Fund	-	4,502,859
From General Fund to:		
Water Systems Revenue Bond Debt Service Fund	-	12,225,720
General Obligations Bond Series A 1993 Debt Service Fund	-	12,647,415
General Obligations Bond Series A 1995 Debt Service Fund	-	17,995,725
	$ 31,679,387	$ 113,393,351
Fiduciary Funds		
To Superior Court Trust Fund from Superior Court of Guam Fund	$ -	$ 1,123,529

See Accompanying Independent Auditors' Report

GOVERNMENT OF GUAM

Schedule of Personnel Count
Years Ended September 30, 2005 and 2004

Department	2005	2004
Agency for Human Resources Development	64	64
Bureau of Budget and Management Research	20	19
Bureau of Statistics and Plans	37	37
Chamorro Land Trust Commission	12	13
Civil Service Commission	13	11
Customs and Quarantine	146	150
Department of Administration	137	143
Department of Agriculture	81	81
Department of Chamorro Affairs	14	16
Department of Corrections	217	195
Department of Education	4,641	3,868
Department of Integrated Services for Individuals with Disabilities	28	25
Department of Labor	137	172
Department of Land Management	47	46
Department of Law - Attorney General	116	103
Department of Mental Health and Substance Abuse	151	129
Department of Military Affairs	46	43
Department of Parks and Recreation	77	76
Department of Public Health and Social Services	395	375
Department of Public Works	468	423
Department of Revenue and Taxation	164	161
Department of Youth Affairs	97	86
Governor's Office	158	118
Guam Council on the Arts and Humanities Agency	6	4
Guam Educational and Telecom. Corporation - KGTF	8	9
Guam Election Commission	3	3
Guam Energy Office	8	7
Guam Environmental Protection Agency	56	52
Guam Fire Department	305	295
Guam Legislature	93	106
Guam Police Department	370	325
Guam Public Library System	21	15
Mayors' Council of Guam	192	184
Medical Examiner	3	3
Office of I Segundu Na Maga'Lahen Guahan	25	22
Office of the Public Auditor	14	13
Public Defender	42	39
Superior Court of Guam	289	290
Miscellaneous	3	-
	8,704	7,721

See Accompanying Independent Auditors' Report

1 SHIPPER'S UPS ACCOUNT NO. | **SHIPPER'S IDENTIFICATION NO. FOR CUSTOMS PURPOSES (V.A.T. No., etc.)**

SHIPPER

NAME OF SENDER: Marilyn O. Reyes

TELEPHONE NO.: (671) 475-1260

COMPANY NAME AND ADDRESS

Government of Guam
Department of Administration
P.O. Box 884
Hagatna, Guam 96932

COUNTRY 96932 Guam

2 CONSIGNEE'S UPS ACCOUNT NO. | **CONSIGNEE'S IDENTIFICATION NO. FOR CUSTOMS PURPOSES (E.I.N., V.A.T., Importer's No., R.F.C. No., etc.)**

CONSIGNEE

NAME OF CONTACT PERSON

TELEPHONE NO.: (201) 346-0701

COMPANY NAME AND ADDRESS

DPC Data Inc.
One Executive Drive
Fort Lee, NJ 07024

COUNTRY U.S.

3 PAYMENT OF CHARGES

BILLING OPTION (Select one option only) Refer to the appropriate service guide for options available by country

PREPAID	FREIGHT COLLECT	FOB	C&F	DELIVER DUTY PAID, V.A.T. UNPAID	BILL DUTY, TAX AND SHIPPING CHARGES TO SHIPPER
Shipper pays all shipping charges. Consignee pays duty and V.A.T.	Consignee pays all shipping charges, duty, and V.A.T.	Shipper pays shipping charges to port of export. Consignee pays balance.	Shipper pays shipping charges to port of import. Consignee pays balance.	Shipper pays shipping charges and duty. Consignee pays V.A.T. (Shipper must have a UPS account)	Shipper pays destination country's duty & tax in addition to all shipping charges. (Shipper must have a UPS account)

BILL CHARGES AS INDICATED BELOW

Bill UPS Account	APPLICABLE COUNTRIES ONLY: Credit Card (MasterCard, American Express, Visa)	Cheque	UPS Use (Cash)	THIRD PARTY'S COMPANY NAME

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